FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

PRUDENTIAL UTILITY FUND

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Mailing Address
ONE SEAPORT PLZ
ONE SEAPORT PLZ
NEW YORK NY 10292

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199 WATER ST
NEW YORK NY 10292
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As filed with the Securities and Exchange Commission

on March 2, 1994

Registration No. 2-72097

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. 18 /X/

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 /X/

Amendment No. 19 /X/

(Check appropriate box or boxes)

PRUDENTIAL-BACHE UTILITY FUND, INC.
(Exact name of registrant as specified in charter)
(Doing business as Prudential Utility Fund)

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):

/X/ immediately upon filing pursuant to paragraph (b)

/ / on (date) pursuant to paragraph (b)

/ / 60 days after filing pursuant to paragraph (a)

/ / 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 its Common Stock, par value $.01 per share. The Registrant intends to file a notice under such Rule for its fiscal year ended December 31, 1993 on or before February 28, 1994.

CROSS REFERENCE SHEET
(as required by Rule 495)

<TABLE>
<CAPTION>

N-1A Item No.	Location

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

Part A	
Item 1. Cover Page	Cover Page
Item 2. Synopsis	Fund Expenses; Fund Highlights
Item 3. Condensed Financial Information	Fund Expenses; Selected Per Share Data and Ratios; How the Fund Calculates Performance
Item 4. General Description of Registrant	Cover Page; Fund Highlights; How the Fund Invests; General Information
Item 5. Management of the Fund	Selected Per Share Data and Ratios; How the Fund is Managed
Item 6. Capital Stock and Other Securities	Taxes, Dividends and Distributions; General Information
Item 7. Purchase of Securities Being Offered	Shareholder Guide; How the Fund Values its Shares
Item 8. Redemption or Repurchase	Shareholder Guide; How the Fund Values its Shares; General Information
Item 9. Pending Legal Proceedings	How the Fund is Managed, Manager
Part B	
Item 10. Cover Page	Cover Page
Item 11. Table of Contents	Table of Contents
Item 12. General Information and History	General Information
Item 13. Investment Objectives and Policies	Investment Objective and Policies; Investment Restrictions
Item 14. Management of the Fund	Directors and Officers; Manager; Distributor
Item 15. Control Persons and Principal Holders of Securities	Not Applicable
Item 16. Investment Advisory and Other Services	Manager; Distributor; Custodian, Transfer and Dividend Disbursing Agent and Independent Accountants
Item 17. Brokerage Allocation and Other Practices	Portfolio Transactions and Brokerage
Item 18. Capital Stock and Other Securities	Not Applicable
Item 19. Purchase, Redemption and Pricing of Securities Being Offered ...	Purchase and Redemption of Fund Shares; Shareholder Investment Account; Net Asset Value
Item 20. Tax Status	Taxes
Item 21. Underwriters	Distributor
Item 22. Calculation of Performance Data	Performance Information
Item 23. Financial Statements	Financial Statements

Part C

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

</TABLE>

Prudential Utility Fund

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Prospectus dated February 28, 1994

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Prudential-Bache Utility Fund, Inc., doing business as Prudential Utility Fund (the Fund), is an open-end, diversified management investment company. Its investment objective is to seek high current income and moderate capital appreciation through investment in equity and debt securities of utility companies, principally electric, gas and telephone companies. In normal circumstances, the Fund intends to invest at least 80% of its assets in such securities. 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.

The Fund may write and purchase options on stock and stock indices. Short- term trading may result in a high turnover rate. These activities may be considered speculative and may result in higher risks and costs to the Fund. See "How the Fund Invests-Investment Objective and Policies."

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 February 28, 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 UTILITY FUND?

Prudential Utility Fund 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 sale 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 current income and moderate capital appreciation. It seeks to achieve this objective by investing primarily in equity and debt securities of utility companies, principally electric, gas and telephone companies. See "How the Fund Invests-Investment Objective and Policies" at page 7.

WHAT ARE THE FUND'S SPECIAL CHARACTERISTICS AND RISKS?

The Fund may invest up to 30% of its total assets in the securities of foreign issuers, which may be subject to special risks. See "How the Fund Invests-Other Investments and Policies" at page 7. The Fund may also engage in hedging and income enhancement strategies, including the purchase and sale of put and call options on stocks and on stock indices relating to the utility industry and related short-term trading. See "How the Fund Invests" 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 of .60 of 1% of the Fund's average daily net assets up to and including $250 million, .50 of 1% of the next $500 million, .45 of 1% of the next $750 million, .40 of 1% of the next $500 million, and .35 of 1% of the excess over $2 billion of the Fund's average daily net assets. The Board of Directors of the Fund has approved a reduction of the management fee effective October 1, 1993 which is being presented to shareholders for their consideration at a special meeting of shareholders to be held in 1994. The Manager has agreed, until such reduction is approved by shareholders, to waive a portion of its management fee with respect to assets in excess of $2 billion so that the annual fee received by the Manager would be as follows: .35 of 1% of the Fund's average daily net assets between $2 billion and $4 billion, .325 of 1% of average daily net assets between $4 billion and $6 billion and .30 of 1% of average daily net assets in excess of $6 billion. As of January 31, 1994, PMF served as manager or administrator to 66 investment companies, including 37 mutual funds, with aggregate assets of approximately $51 billion. The Prudential Investment Corporation (PIC or 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 9.

WHO DISTRIBUTES THE FUND'S SHARES?

Prudential Mutual Fund Distributors, Inc. (PMFD) acts as the Distributor of the Fund's Class A shares. The Fund currently reimburses PMFD for expenses related to the distribution of Class A shares at an annual rate of up to .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 shares. Prudential Securities is reimbursed for its expenses related to the distribution of Class B shares at an annual rate of up to 1% of the average daily net assets of the Class B shares. See "How the Fund is Managed-Distributor" at page 10.

WHAT IS THE MINIMUM INVESTMENT?

The minimum initial investment is $1,000. The minimum subsequent investment is $100. 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 15 and "Shareholder Guide-Shareholder Services" at page 22.

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 at the time of purchase or on a deferred basis. See "How the Fund Values Its Shares" at page 12 and "Shareholder Guide-How to Buy Shares of the Fund" at page 15.

WHAT ARE MY PURCHASE ALTERNATIVES?

The Fund offers two classes of shares which may be purchased at the next determined NAV plus a sales charge which, at your election, may be imposed either at the time of purchase (Class A shares) or on a deferred basis (Class B shares).

- Class A shares are sold with an initial sales charge of up to 5.25% of the offering price.

- Class B shares are 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.

You should understand that over time the deferred sales charge plus distribution fee of the Class B shares will exceed the initial sales charge plus the distribution fee of the Class A shares.

See "Shareholder Guide-Alternative Purchase Plan" at page 16.

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. Although Class B shares are sold without an initial sales charge, the proceeds from redemptions of Class B shares held for six years or less may be subject to a contingent deferred sales charge declining from 5% to zero. See "Shareholder Guide-How to Sell Your Shares" at page 18.

HOW ARE DIVIDENDS AND DISTRIBUTIONS PAID?

The Fund expects to pay dividends of net investment income quarterly 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 13.

FUND EXPENSES

<TABLE>
<CAPTION>

SHAREHOLDER TRANSACTION EXPENSES+	Class A Shares (Initial Sales Charge Alternative)	Class B Shares (Deferred Sales Charge Alternative)
<S>	<C>	<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price)	5.25%	None
Maximum Sales Load or Deferred Sales Load Imposed on Reinvested Dividends	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 and thereafter
Redemption Fees	None	None
Exchange Fees	None	None

ANNUAL FUND OPERATING EXPENSES (as a percentage of average net assets)	Class A	Class B
Management Fees	.40%	.40%
12b-1 Fees+	.25++	1.00
Other Expenses	.20	.20
Total Fund Operating Expenses	.85%	1.60%

<CAPTION>

EXAMPLE	1 Year	3 Years	5 Years	10 Years
<S>	<C>	<C>	<C>	<C>
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	$ 61	$ 78	$ 97	$152
Class B	$ 66	$ 80	$ 97	$190

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

Class A	$ 61	$ 78	$ 97	$152
Class B	$ 16	$ 50	$ 87	$190

</TABLE>

The above example is based on restated data for the Fund's fiscal year ended December 31, 1993. The examples 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 an estimate of operating expenses of the Fund, such as directors' and professional fees, registration fees, reports to shareholders and transfer agency and custodian fees.

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+ 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 each class of the Fund rather than on a per shareholder basis. Therefore, long-term Class B 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."

++ 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 asset value of the Class A shares for the year ending December 31, 1994. See "How the Fund Is Managed-Distributor."

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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 the 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 each of the periods indicated. The information is based on data contained in the financial statements.

<TABLE>
<CAPTION>

	Year Ended December 31,			January 22, 1990++ through December 31,
	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:*				
Net asset value, beginning of period	$8.97	$8.72	$7.63	$8.78
Income from investment operations				
Net investment income	.33	.38	.39	.36
Net realized and unrealized gains (losses) on investment and foreign currency transactions	1.12	.45	1.10	(.51)
Total from investment operations	1.45	.83	1.49	(.15)

Less distributions				
Dividends from net investment income	(.29)	(.34)	(.39)	(.40)
Distributions from net realized gains	(.41)	(.24)	(.01)	(.60)
Total distributions	(.70)	(.58)	(.40)	(1.00)
Net asset value, end of period	$9.72	$8.97	$8.72	$7.63
TOTAL RETURN#	16.28%	9.88%	19.95%	(1.53)%
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period (000,000)	$ 337	$201	$ 111	$ 73
Average net assets (000,000)	$ 287	$149	$ 85	$ 51
Ratios to average net assets:				
Expenses, including distribution fees	.80%	.81%	.87%	.97%+
Expenses, excluding distribution fees	.60%	.61%	.67%	.77%+
Net investment income	3.16%	4.14%	4.69%	4.78%+
Portfolio turnover rate	24%	24%	38%	53%

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<FN>

* Restated to reflect 2 for 1 stock split paid July 6, 1993 to shareholders of record July 2, 1993.

\+ Annualized.

++ 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.

</FN>

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FINANCIAL HIGHLIGHTS

(for a share outstanding throughout each of the indicated periods)

(Class B Shares)

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The following financial highlights for each of the five years ended December 31, 1993 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 the 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 each of the periods indicated. The information is based on data contained in the financial statements.

<TABLE>

<CAPTION>

	Year Ended December 31,									
	1993	1992	1991	1990	1989**	1988(b)	1987	1986	1985	1984(a)+
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:*										
Net asset value, beginning of year	$8.96	$8.71	$7.63	$9.17	$7.31	$6.29	$7.39	$6.44	$5.62	$5.04
Income from investment operations										
Net investment income	.24	.31	.32	.31	.36	.33	.33	.32	.53	.85(d)
Net realized and unrealized gains (losses) on investment and foreign currency transactions ..	1.12	.46	1.10	(.91)	2.30	1.07	(.93)	1.69	1.16	.96
Total from investment operations	1.36	.77	1.42	(.60)	2.66	1.40	(.60)	2.01	1.69	1.81
Less distributions										
Dividends from net investment income	(.22)	(.28)	(.33)	(.34)	(.36)	(.33)	(.33)	(.29)	(.43)	(.82)
Distributions from net realized gains	(.41)	(.24)	(.01)	(.60)	(.44)	(.05)##	(.17)	(.77)	(.44)	(.41)
Total distributions	(.63)	(.52)	(.34)	(.94)	(.80)	(.38)	(.50)	(1.06)	(.87)	(1.23)
Net asset value, end of year	$9.69	$8.96	$8.71	$7.63	$9.17	$7.31	$6.29	$7.39	$6.44	$5.62

TOTAL RETURN#	15.27%	9.02%	19.01%	(6.48)%	37.17%	22.74%	(8.65)%	32.52%	33.30%	38.68%
RATIOS/SUPPLEMENTAL DATA:										
Net assets, end of year (000,000)	$4,756	$3,438	$2,818	$2,395	$2,306	$1,584	$1,390	$1,521	$ 339	$ 98
Ratios to average net assets:										
Expenses, including taxes and interest (c)	1.60%	1.61%	1.67%	1.73%	1.46%	1.56%	1.53%	1.42%	1.13%	(2.50)%(d)
Expenses, including taxes but excluding interest (c)	1.60%	1.61%	1.67%	1.73%	1.46%	1.56%	1.53%	1.42%	1.13%	(3.08)%(d)
Expenses, excluding taxes and interest (c)	1.60%	1.61%	1.67%	1.73%	1.46%	1.56%	1.63%	1.42%	1.13%	1.15%(d)
Expenses, excluding distribution fees, taxes and interest (c) .	.60%	.61%	.67%	.74%	.73%	.76%	.80%	.74%	.93%	1.15%(d)
Net investment income	2.36%	3.34%	3.89%	3.94%	4.19%	4.44%	4.69%	4.41%	6.70%	13.35%
Portfolio turnover	24%	24%	38%	53%	75%	66%	65%	49%	39%	122%

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<FN>

* Restated to reflect 2 for 1 stock split paid to shareholders of record July 2, 1993.

** Based on average month-end shares outstanding.

\+ Restated to reflect 2 for 1 stock split paid to shareholders of record November 19, 1984.

\# 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.

\## Full amount of 1988 distribution represents a distribution from paid-in capital.

(a) On August 24, 1984, the shareholders of the Fund approved a change in the Fund's objective (to high current income and moderate capital appreciation) and tax status (to a "regulated investment company" under the Internal Revenue Code).

(b) Prudential Mutual Fund Management, Inc. succeeded Prudential Securities Incorporated as manager of the Fund May 2, 1988. See "Manager" in the Statement of Additional Information.

(c) Because of the adoption of a plan of distribution effective on July 1, 1985 and an amended and restated plan of distribution effective January 22, 1990, and the changes noted in footnote (b), historical expenses and ratios of expenses to average net assets are not necessarily indicative of future expenses and related ratios. See "How the Fund is Managed-Distributor."

(d) Net of reimbursement.

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HOW THE FUND INVESTS

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INVESTMENT OBJECTIVE AND POLICIES

THE FUND'S INVESTMENT OBJECTIVE IS TO SEEK HIGH CURRENT INCOME AND MODERATE CAPITAL APPRECIATION THROUGH INVESTMENT IN EQUITY AND DEBT SECURITIES OF UTILITY COMPANIES, PRINCIPALLY ELECTRIC, GAS AND TELEPHONE COMPANIES. IN NORMAL CIRCUMSTANCES, THE FUND INTENDS TO INVEST AT LEAST 80% OF ITS ASSETS IN SUCH SECURITIES. THERE CAN BE NO ASSURANCE THAT SUCH OBJECTIVE WILL BE ACHIEVED. It is anticipated that the Fund will invest primarily in utility common stocks that have a high expected return; however, the Fund may invest primarily in utility preferred stocks and debt securities when it appears that the Fund will be better able to achieve its investment objective through investments in such securities, or when the Fund is temporarily in a defensive position. Moreover, should extraordinary conditions affecting the utility sector or securities markets as a whole warrant, the Fund may temporarily be primarily invested in money market instruments. The Directors of the Fund have recommended, subject to shareholder approval, modifications of this objective to expand the universe of the type of utility companies into which the Fund may invest. There can be no assurance that these modifications will be approved.

THE FUND MAY INVEST UP TO 30% OF ITS TOTAL ASSETS IN SECURITIES OF FOREIGN ISSUERS, WHICH MAY INVOLVE ADDITIONAL RISKS. See "Other Investments and Policies-Foreign Securities" below. The Fund may also invest in American Depository Receipts, which are receipts issued by an American bank or trust company evidencing ownership of underlying securities issued by a foreign issuer. American Depository Receipts are not considered foreign securities for purposes of the 30% limitation.

IN SEEKING TO ACHIEVE ITS INVESTMENT OBJECTIVE, THE FUND INTENDS TO HEDGE ITS PORTFOLIO AND TO ENHANCE ITS RETURN THROUGH INVESTMENTS IN OPTIONS ON STOCKS AND ON STOCK INDICES RELATING TO THE UTILITY INDUSTRY, AND TO ENTER INTO REPURCHASE AGREEMENTS. See "Investment Objective and Policies" in the Statement of Additional Information.

AS A RESULT OF THE FUND'S CONCENTRATION OF ITS INVESTMENTS, IT IS SUBJECT TO RISKS ASSOCIATED WITH THE UTILITY INDUSTRY. Among these are inflationary and other cost increases in fuel and other operating expenses, high interest costs on borrowings needed for capital construction programs, including compliance with environmental regulations, and changes in the regulatory climate.

The Fund anticipates that, due to short-term trading and the use of options, its portfolio turnover rate may exceed 100%, although the rate is not expected to exceed 200%. See "Investment Objective and Policies" in the Statement of Additional Information.

THE FUND'S INVESTMENT OBJECTIVE IS A FUNDAMENTAL POLICY AND, THEREFORE, 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.

OTHER INVESTMENTS AND POLICIES

BORROWING AND SECURITIES LENDING

The Fund may also borrow an amount equal to no more than 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 its total assets to secure these borrowings.

The Fund does not presently intend to lend securities except to the extent that the entry into repurchase agreements may be considered such lending. See "Investment Objective and Policies-Borrowing" and "Investment Objective and Policies-Lending of Securities" in the Statement of Additional Information.

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 a month or more 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. The securities so purchased are subject to market fluctuation and no interest accrues to the purchaser during the period between purchase and settlement. At the time of delivery of the securities the value may be more or less than the purchase price and an increase in the percentage of the Fund's assets committed to the purchase of securities on a when-issued or delayed delivery basis may increase the volatility of the Fund's net asset value.

REPURCHASE AGREEMENTS

The Fund may 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 repurchase date is usually within a day or two of the original purchase, 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 if the value of 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. The Fund participates in a joint repurchase account with other investment companies managed by PMF pursuant to an order of the Securities and Exchange Commission (SEC). See "Investment Objective and Policies- Repurchase Agreements" in the Statement of Additional Information.

FOREIGN SECURITIES

THE FUND MAY INVEST UP TO 30% OF ITS TOTAL ASSETS IN FOREIGN SECURITIES. For purposes of this limitation, American Depositary Receipts are not deemed to be foreign securities. In many instances, foreign debt securities may provide higher yields but may be subject to greater fluctuations in price than securities of domestic issuers which have similar maturities and quality. Under certain market conditions these investments may be less liquid than the securities of U.S. corporations and are certainly less liquid than securities issued or guaranteed by the U.S. Government, its instrumentalities or agencies.

FOREIGN SECURITIES INVOLVE CERTAIN RISKS WHICH SHOULD BE CONSIDERED CAREFULLY BY AN INVESTOR IN THE FUND. These risks include exchange rate fluctuations, political, social or economic instability of the country of issue, diplomatic developments which could affect the assets of the Fund held in foreign countries, and the possible imposition of exchange controls, withholding taxes on dividends or interest payments, confiscatory taxes or expropriation. There may be less government supervision and regulation of foreign securities exchanges, brokers and listed companies than exists in the United States, foreign brokerage commissions and custody fees are generally higher than those in the United States, and foreign security settlements will in some instances be subject to delays and related administrative uncertainties. The Fund will probably have greater difficulty in obtaining or enforcing a court judgment abroad than it would have doing so within the United States. Less information may be publicly available about a foreign company than about a domestic company, and foreign companies may not be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to domestic companies. In addition, 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.

Although the foreign companies in which the Fund may invest will be providing products and services substantially similar to domestic companies in which the Fund has and may invest, the utility companies of many major countries, such as the United Kingdom, Spain and Mexico, have only recently substantially increased investor ownership (including ownership by U.S. investors) and, as a result have only recently become subject to adversarial rate-making procedures. In addition, certain foreign utilities are experiencing demand growth at rates greater than economic expansion in their countries or regions. These factors as well as those associated with foreign issuers generally may affect the future values of foreign securities held by the Fund.

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 December 31, 1993, the Fund's total expenses as a percentage of average net assets for the Fund's Class A and Class B shares were .80% and 1.60%, respectively. See "Financial Highlights."

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 .60 OF 1% OF THE FUND'S AVERAGE DAILY NET ASSETS UP TO AND INCLUDING $250 MILLION, .50 OF 1% OF THE NEXT $500 MILLION, .45 OF 1% OF THE NEXT $750 MILLION, .40 OF 1% OF THE NEXT $500 MILLION AND .35 OF 1% OF THE EXCESS OVER $2 BILLION OF THE FUND'S AVERAGE DAILY NET ASSETS. The Board of Directors of the Fund has approved a reduction of the management fee effective October 1, 1993 which is being presented to shareholders for their consideration at a special meeting of shareholders to be held in 1994. The Manager has agreed, until such reduction is approved by shareholders, to waive a portion of its management fee with respect to assets in excess of $2 billion so that the annual fee received by the Manager would be as follows: .35 of 1% of the Fund's average daily net assets between $2 billion and $4 billion, .325 of

1% of average daily net assets between $4 billion and $6 billion and .30 of 1% of average daily net assets in excess of $6 billion. There can be no assurance that the reduction in management fees will be approved by shareholders. PMF was incorporated in May 1987 under the laws of the State of Delaware. For the fiscal year ended December 31, 1993, the Fund paid management fees to PMF of .40% of the Fund's average net assets.

As of January 31, 1994, PMF served as the manager of 37 open-end investment companies, constituting all of the Prudential Mutual Funds, and as manager or administrator of 29 closed-end investment companies. These companies have aggregate assets of approximately $51 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 THE PRUDENTIAL INVESTMENT CORPORATION (PIC OR THE SUBADVISER), PIC FURNISHES INVESTMENT ADVISORY SERVICES IN CONNECTION WITH THE MANAGEMENT OF THE FUND AND IS REIMBURSED BY PMF FOR ITS REASONABLE COSTS AND EXPENSES INCURRED IN PROVIDING SUCH SERVICES. Under the Management Agreement, PMF continues to have responsibility for all investment advisory services pursuant to the Management Agreement and supervises PIC's performance of such services.

The current portfolio manager of the Fund is Warren E. Spitz, a Managing Director of Prudential Investment Advisors, a unit of The Prudential Investment Corporation (PIC). Mr. Spitz has responsibility for the day-to-day management of the Fund's portfolio. Mr. Spitz has managed the Fund's portfolio since he joined PIC in 1987. Mr. Spitz also serves as the portfolio manager of the Prudential Equity Income Fund and Prudential Series Fund High Dividend Stock Portfolio.

PMF and PIC are indirect, wholly-owned subsidiaries of The Prudential Insurance Company of America (Prudential), a major diversified insurance and financial services company.

On October 12, 1993, a lawsuit was instituted in the Southern District of New York agianst the Fund, PMF, Prudential Investment Corporation, Prudential Securities, and certain current and former directors of the Fund. The suit was

brought by plaintiffs both derivatively on behalf of the Fund and purportedly on behalf of the class of shareholders who purchased their shares prior to 1985. The plaintiffs seek damages on behalf of the Fund in an unspecified amount for alleged excessive management and distribution fees. The complaint also challenges the Alternative Purchase Plan that was im plemented in January 1990 pursuant to a shareholder vote and that provided for the creation of two classes of shares. The plaintiffs, on behalf of the purported class, seek damages and equitable relief against the Fund and the named directors to change the classification of the shares of the class and to compel a further vote on such plan. The defendants believe they have meritorious defenses to the claims asserted in the complaint and intend to defend this action vigorously. In any case, Management does not believe that the outcome of this action is likely to have a material adverse effect on the Fund.

DISTRIBUTOR

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 INCORPORATED (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 SHARES OF THE FUND. IT IS AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF PRUDENTIAL.

UNDER SEPARATE DISTRIBUTION AND SERVICE PLANS (THE CLASS A PLAN AND THE CLASS B 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 AND CLASS B SHARES, RESPECTIVELY. 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 financial institutions (other than national banks) which have entered into agreements with the Distributor, interest and/or carrying charges (Class B only), 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 CLASS A PLAN, THE FUND REIMBURSES 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 up to .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. Unlike the Class B Plan, there are no carry forward amounts under the Class A Plan, and interest expenses are not incurred under the Class A Plan. PMFD has advised the Fund that distribution-related expenses under the Class A Plan will not exceed .25 of 1% of the average daily net assets of the Class A shares for the fiscal year ending December 31, 1994.

For the fiscal year ended December 31, 1993, PMFD incurred distribution expenses under the Class A Plan of $573,660, all of which was recovered through the distribution fee paid by the Fund to PMFD. In addition, for this period, PMFD received approximately $5,755,000 in initial sales charges from Class A shareholders of the Fund.

UNDER THE CLASS B PLAN, THE FUND REIMBURSES PRUDENTIAL SECURITIES FOR ITS DISTRIBUTION-RELATED EXPENSES WITH RESPECT TO CLASS B SHARES (ASSET- BASED SALES CHARGES) AT AN ANNUAL RATE OF UP TO .75% OF THE AVERAGE DAILY NET ASSETS OF THE CLASS B SHARES. Prudential Securities recovers the distribution expenses it incurs through the receipt of reimbursement payments from the Fund under the Class B Plan and the receipt of contingent deferred sales charges from certain redeeming shareholders. See "Shareholder Guide-How to Sell Your Shares-Contingent Deferred Sales Charge-Class B Shares." For the year ended December 31, 1993, Prudential Securities received approximately $4,330,000 in contingent deferred sales charges.

THE CLASS B PLAN ALSO PROVIDES FOR THE PAYMENT OF A SERVICE FEE TO PRUDENTIAL SECURITIES AT A RATE NOT TO EXCEED .25 OF 1% OF THE AVERAGE DAILY NET ASSET VALUE OF THE CLASS B SHARES. The service fee is used to pay for personal service and/or the maintenance of shareholder accounts.

Actual distribution expenses (asset-based sales charges) for Class B shares for any given year may exceed the fees received pursuant to the Class B Plan and will be carried forward and paid by the Fund in future years so long as the Class B Plan is in effect. Interest is accrued monthly on such carry forward amounts at a rate comparable to that paid by Prudential Securities for bank borrowings. See "Distributor" in the Statement of Additional Information.

THE AGGREGATE DISTRIBUTION FEE FOR CLASS B SHARES (ASSET-BASED SALES CHARGES PLUS SERVICE FEES) WILL NOT EXCEED THE ANNUAL RATE OF 1% OF THE AVERAGE DAILY NET ASSET VALUE OF THE CLASS B SHARES UNDER THE CLASS B PLAN.

For the fiscal year ended December 31, 1993, the Distributor received a distribution fee of $43,080,963 from the Fund under the Class B Plan. It is estimated that the Distributor incurred aggregate distribution expenses under the Class B Plan of approximately $60,566,900 during such period. At December 31, 1993, the aggregate amount of distribution expenses incurred by the Distributor and not yet reimbursed by the Fund or recovered through contingent deferred sales charges was approximately $43,949,000, or .9% of the net assets of the Class B shares. These unreimbursed amounts may be recovered by Prudential Securities through future payments under the Class B Plan or through contingent deferred sales charges.

For the year ended December 31, 1993, the Fund paid distribution expenses of .20% and 1.00% of the average net asset value 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.

Distribution expenses attributable to the sale of both Class A and Class B shares will be allocated to each class based upon the ratio of sales of each class to the sales of all shares of the Fund. The distribution fee and initial sales charge in the case of Class A shares will not be used to subsidize the sale of Class B shares. Similarly, the distribution fee and contingent deferred sales charge in the case of Class B shares will not be used to subsidize the sale of Class A shares.

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. In the event of termination or noncontinuation of the Class B Plan, the Board of Directors may consider the appropriateness of having the Fund reimburse Prudential Securities for the outstanding carry forward amounts plus interest thereon.

In addition to distribution and service fees paid by the Fund under the Class A and Class B Plans, the Manager (or one of its affiliates) may make payments to dealers and other persons which 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 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. (PMFS), 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 NET ASSET VALUE 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 NAV. 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 Class A and Class B shares are substantially identical, the different expenses borne by each class will result in different net asset values and dividends. The NAV of Class B shares will generally be lower than the NAV of Class A shares as a result of the larger distribution-related fee to which Class B shares are subject. It is expected, however, that the NAV per share of the two 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 between 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 AND CLASS B 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 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, and market indices. The "yield" refers to the income generated by an investment in the Fund over a 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. See "Performance Information" in the Statement of Additional Information. The Fund will include performance data for both Class A and Class B 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 report 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 OF 1986, AS AMENDED (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.

TAXATION OF SHAREHOLDERS

All dividends 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 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 long term capital gains 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 individual shareholders is 28%. The maximum long-term capital gains rate for corporate shareholders is currently the same as the maximum tax rate for ordinary income.

Dividends and distributions are generally taxable to shareholders in the year in which received. However, certain dividends declared by the Fund will be treated as received by shareholders on December 31 of the calendar year in which such dividends occur. This rule applies to dividends declared by the Fund in October, November or December of a calendar year, payable to shareholders of record on a date in any such month, if such dividends are paid during January of the following calendar year.

Dividends received by corporate shareholders are eligible for a dividends received deduction of 70% to the extent the Fund's income is derived from qualified dividends received by the Fund from domestic corporations. Dividends attributable to foreign dividends, interest income, capital gain net income and gain or loss from other sources are not eligible for the corporate dividends received deduction. See "Taxes" in the Statement of Additional Information. Corporate shareholders should consult their tax advisers regarding other requirements applicable to the dividends received deduction.

Any gain or loss realized upon a sale or redemption of Fund shares by a shareholder who is not a dealer in securities will be treated as long- term capital gain or loss if the shares have been held for more than one year and otherwise as short-term capital gain or loss. Any such loss, however, on shares that are held for six months or less will be treated as long-term capital loss to the extent of any capital gain distributions received by the shareholder.

Shareholders are advised to consult their own tax advisers regarding specific questions as to federal, state or local taxes. See "Taxes" in the Statement of Additional Information.

WITHHOLDING TAXES

Under U.S. Treasury Regulations, the Fund generally is required to withhold and remit to the U.S. Treasury 31% of dividend, capital gain distributions and redemption proceeds payable to individuals and certain noncorporate shareholders who fail to furnish correct tax identification numbers on IRS Form W-9 (or IRS Form W-8 in the case of certain foreign shareholders). Dividends of net investment income and net short-term capital gains paid to a foreign shareholder will generally be subject to a 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 QUARTERLY AND MAKE DISTRIBUTIONS AT LEAST ANNUALLY OF ANY NET CAPITAL GAINS. Dividends paid by the Fund with respect to Class A and Class B 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, resulting in lower dividends for Class B shares. Distributions of net capital gains, if any, will be paid in the same amount for Class A and Class B shares. See "How the Fund Values Its Shares."

DIVIDENDS AND DISTRIBUTIONS WILL BE PAID IN ADDITIONAL FUND SHARES BASED ON THE NAV 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., Attention: Account Maintenance, P.O. Box 15015, New Brunswick, New Jersey 08906-5015. 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. To the extent that, in a given year, distributions to shareholders exceed recognized net investment income and recognized short-term and long-term capital gains for the year, shareholders will receive a return of capital in respect of such year and, in an annual statement, will be notified of the amount of any return of capital for such year. If you hold shares through Prudential Securities, you should contact your financial adviser to elect to receive dividends and distributions in cash.

WHEN THE FUND GOES "EX-DIVIDEND," ITS NAV IS REDUCED BY THE AMOUNT OF THE DIVIDEND OR DISTRIBUTION. 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.

GENERAL INFORMATION

DESCRIPTION OF COMMON STOCK

THE FUND WAS INCORPORATED IN MARYLAND ON APRIL 29, 1981. THE FUND IS AUTHORIZED TO ISSUE 2 BILLION SHARES OF COMMON STOCK, $.01 PAR VALUE PER SHARE, CONSISTING, IN PART, OF 566,666,666 SHARES OF CLASS A AND 866,666,667 SHARES OF

CLASS B COMMON STOCK. Both Class A and Class B common stock represent an interest in the same assets of the Fund and are identical in all respects except that each class bears different distribution expenses and has exclusive voting rights with respect to its distribution plan. See "How the Fund is Managed-Distributor." The Fund has received an order from the Commission

permitting the issuance and sale of multiple classes of common stock. Currently, the Fund is offering only two classes designated as Class A and Class B shares. In accordance with 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 the approval of 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 Class A and Class B 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. There are no conversion, preemptive or other subscription rights. In the event of liquidation, each share 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 shares bear higher distribution expenses, the liquidation proceeds to Class B shareholders 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 SEC under the Securities Act of 1933. 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.

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SHAREHOLDER GUIDE

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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). The minimum initial investment is $1,000. The minimum subsequent investment is $100. 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 is $50. See "Shareholder Services" below.

THE PURCHASE PRICE IS THE NAV PER SHARE 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 AT THE TIME OF PURCHASE OR ON A DEFERRED BASIS. 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" below.

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 made through dealers other than Prudential Securities or Prusec may be subject to postage and handling charges imposed by the dealer; however, you may avoid such charges by placing orders directly with the Fund's Transfer Agent, Prudential Mutual Fund Services, Inc., Attention: Investment Services, P.O. Box 15020, New Brunswick, New Jersey 08906-5020.

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 Utility Fund, specifying on the wire the account number assigned by PMFS and your name and identifying the sales charge alternative (Class A or Class B 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 Utility Fund, Class A or Class B 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 TWO CLASSES OF SHARES WHICH ALLOWS YOU TO CHOOSE THE MOST BENEFICIAL SALES CHARGE STRUCTURE FOR YOUR INDIVIDUAL CIRCUMSTANCES, GIVEN THE AMOUNT OF THE PURCHASE AND THE LENGTH OF TIME YOU EXPECT TO HOLD THE SHARES AND OTHER RELEVANT CIRCUMSTANCES. You may purchase shares at the next determined NAV plus a sales charge which, at your election, may be imposed either at the time of purchase (the Class A shares or the initial sales charge alternative) or on a deferred basis (the Class B shares or the deferred sales charge alternative) (the Alternative Purchase Plan).

CLASS A SHARES ARE SUBJECT TO AN INITIAL SALES CHARGE OF UP TO 5.25% OF THE OFFERING PRICE AND AN ANNUAL DISTRIBUTION FEE WHICH IS CURRENTLY BEING CHARGED AT A RATE OF UP TO .25 OF 1% OF THE AVERAGE DAILY NET ASSETS OF THE CLASS A SHARES. Certain purchases of Class A shares may qualify for reduction or waiver of initial sales charges. See "Initial Sales Charge Alternative-Class A Shares-Reduction or Waiver of Initial Sales Charges" below.

CLASS B SHARES DO NOT INCUR A SALES CHARGE WHEN THEY ARE PURCHASED BUT ARE SUBJECT TO A CONTINGENT DEFERRED SALES CHARGE (DECLINING FROM 5% TO ZERO OF THE LESSER OF THE AMOUNT INVESTED OR THE REDEMPTION PROCEEDS), WHICH WILL BE IMPOSED ON CERTAIN REDEMPTIONS MADE WITHIN SIX YEARS OF PURCHASE AND AN ANNUAL DISTRIBUTION FEE OF UP TO 1% OF THE AVERAGE DAILY NET ASSETS OF THE CLASS B SHARES. Certain redemptions of Class B shares may qualify for waiver or reduction of the contingent deferred sales charge. See "How to Sell Your Shares-Waiver of Contingent Deferred Sales Charge" and "How To Sell Your Shares-Quantity Discount."

The two classes of shares represent an interest in the same portfolio of investments of the Fund and have the same rights, except that each class bears the separate expenses of its Rule 12b-1 distribution plan and has exclusive voting rights with respect to such plan. The two classes also have separate exchange privileges. See "How to Exchange Your Shares" below. The net 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

shares bear the expenses of a higher distribution fee which will cause the Class B shares to have a higher expense ratio and to pay lower dividends than the Class A shares.

Financial advisers will receive different compensation for selling Class A and Class B shares.

The following illustrations are provided to assist you in determining which method of purchase best suits your individual circumstances:

If you qualify for a reduced sales charge, you might elect the initial sales charge alternative because a similar sales charge reduction is not available for purchases under the deferred sales charge alternative. However, because the initial sales charge is deducted at the time of purchase, you would not have all of your money invested initially.

If you do not qualify for a reduced initial sales charge and expect to maintain your investment in the Fund for a long period of time, you might also elect the initial sales charge alternative because over time the accumulated continuing distribution charges of Class B shares will exceed the initial sales charge plus distribution fees of Class A shares. Again, however, you must weigh this consideration against the fact that not all of your money will be invested initially. Furthermore, the ongoing distribution charges under the deferred sales charge alternative will be offset to the extent any return is realized on the additional funds. However, there can be no assurance that any return will be realized on the additional funds.

On the other hand, you might determine that it is more advantageous to have all of your money invested initially, although it is subject to a distribution fee of up to 1% and, for a six-year period, a contingent deferred sales charge. For example, based on current fees and expenses, if you purchase Class A Shares you would have to hold your investment more than 7 years for the 1% Class B distribution fee to exceed the initial sales charge plus account servicing fee of Class A shares. In this example if you intend to maintain your investment for more than 7 years, you should consider purchasing Class A shares. However, this example does not take into account the time value of money which further reduces the impact of the 1% distribution fee on the investment, fluctuations in net asset value, the effect of the return on the investment over this period of time or redemptions while the contingent deferred sales charge is applicable.

INITIAL SALES CHARGE ALTERNATIVE-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	5.25%	5.54%	5.00%
$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	3.50%	3.63%	3.25%
$250,000 to $499,999	3.00%	3.09%	2.90%
$500,000 to $999,999	2.00%	2.04%	1.90%
$1,000,000 to $2,499,999	1.00%	1.01%	0.95%
$2,500,000 and above	0.50%	0.50%	0.45%

Selling dealers may be deemed to be underwriters, as that term is defined under federal securities laws.

REDUCTION AND WAIVER OF INITIAL SALES CHARGES. Sales charges are reduced under Rights of Accumulation and Letters of Intent. Class A shares are offered at NAV to participants in certain retirement and deferred compensation plans, including qualified or non-qualified plans under the Internal Revenue Code and certain affinity group and group savings plans, provided that the plan has existing assets of at least $10 million or 2,500 eligible employees or members.

Additional information concerning the reduction and waiver of initial sales charges is set forth in the Statement of Additional Information. In the case of pension, profit-sharing or stock bonus plans 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) 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 are offered at NAV to participants who are repaying loans made from such plans to the participant.

Class A shares are offered at NAV to Directors and officers of the Fund and other Prudential Mutual Funds, to employees of Prudential Securities and PMF and their subsidiaries and to members of the families of such persons who maintain an "employee related" account at Prudential Securities or the Transfer Agent.

Class A shares are offered at NAV to employees and special agents of Prudential and its subsidiaries and to all persons who have retired directly from active service with Prudential or one of its subsidiaries.

Class A shares are offered at NAV to an investor who has 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 investment company sponsored by the financial adviser's previous employer (other than a money market fund or other no-load 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 purchase.

You must notify the Fund's 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 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.

DEFERRED SALES CHARGE ALTERNATIVE-CLASS B SHARES

The offering price of Class B shares for investors choosing the deferred sales charge alternative is the NAV per share 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 shares may be subject to a contingent deferred sales charge. See "How to Sell Your Shares-Contingent Deferred Sales Charge-Class B Shares."

HOW TO SELL YOUR SHARES

YOU CAN REDEEM YOUR SHARES AT ANY TIME FOR CASH AT THE NAV PER SHARE 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 from the Class B shares will be reduced by the amount of any applicable contingent deferred sales charge, as described below. See "Contingent Deferred Sales Charge- Class B Shares" 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 SEC shall govern as to whether the conditions prescribed 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 CHECK.

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 as 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 Class B shares. You must notify the Fund's Transfer Agent, either directly or through Prudential Securities or Prusec, at the time the repurchase privilege is exercised that you are entitled to credit for the contingent deferred sales charge previously paid. Exercise of the repurchase privilege will not generally 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 not be allowed for federal income tax purposes.

CONTINGENT DEFERRED SALES CHARGE-CLASS B SHARES

If you have elected to purchase shares without an initial sales charge (Class B), a contingent deferred sales charge or CDSC (declining from 5% to zero) will be imposed at the time of redemption. 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 shares of the Fund to an amount which is lower than the amount of all payments by you for the purchase of Class B shares during the preceding six years. 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 CDSC will be paid to and retained by the Distributor. See "How the Fund is Managed-Distributor" and "Waiver of the Contingent Deferred Sales Charge" 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 Class B 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:

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 and thereafter	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 net asset value above the total amount of payments for the purchase of Fund shares made during the preceding six years (five years for shares purchased prior to January 22, 1990); then of amounts representing the cost of shares purchased six years prior to the redemption; then of amounts representing the cost of shares acquired prior to July 1, 1985; and finally, of amounts representing the cost of shares held for the longest period of time within the applicable six-year period (five years for shares purchased prior to January 22, 1990).

For example, assume you purchased 100 shares at $10 per share for a cost of $1,000. Subsequently, you acquired 5 additional 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 NAV had appreciated to $12 per share, the value of your 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 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 CHARGE. 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 the 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), or a trust, at the time of death or initial determination of 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) custodial account. These distributions include a lump-sum or other distribution after retirement, or for an IRA or Section 403(b) 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. 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 Directors of the Fund.

You must notify the 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.

QUANTITY DISCOUNT. The CDSC is reduced on redemptions of Class B shares of the Fund 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 exceeds $500,000. For example, if you purchase $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 is $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 cost exceeds $500,000 or $1 million:

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
First	3.0%	2.0%
Second	2.0%	1.0%
Third	1.0%	0%
Fourth and thereafter	0%	0%

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 the reduced CDSC. The reduced CDSC will be granted subject to confirmation of your holdings.

HOW TO EXCHANGE YOUR SHARES

AS A SHAREHOLDER OF THE FUND, YOU HAVE AN EXCHANGE PRIVILEGE WITH CERTAIN OTHER PRUDENTIAL MUTUAL FUNDS (THE EXCHANGE PRIVILEGE), INCLUDING ONE OR MORE SPECIFIED MONEY MARKET FUNDS, SUBJECT TO THE MINIMUM INVESTMENT REQUIREMENTS OF SUCH FUNDS. CLASS A AND CLASS B SHARES MAY BE EXCHANGED FOR CLASS A AND CLASS B SHARES, RESPECTIVELY, OF ANOTHER FUND ON THE BASIS OF THE RELATIVE NAV. Any applicable CDSC payable upon the redemption of shares exchanged will be that imposed by the fund in which shares were initially purchased and will be

calculated from the first day of the month after the initial purchase, excluding the time that shares were held in a money market fund. Class B shares may not be exchanged into money market funds other than Prudential Special Money Market Fund. 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 THE TELEPHONE EXCHANGE PRIVILEGE 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. 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.

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.

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 sixty days' notice to shareholders.

SHAREHOLDER SERVICES

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

o 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.

o 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.

o 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.

o SYSTEMATIC WITHDRAWAL PLAN. A systematic withdrawal plan is available for shareholders having Class A or Class B shares of the Fund. Such withdrawal plan provides for monthly or quarterly checks. Withdrawals of Class B shares may be subject to a CDSC. See "How to Sell Your Shares- Contingent Deferred Sales Charge-Class B Shares" above. See also "Shareholder Investment Account-Systematic Withdrawal Plan" in the Statement of Additional Information.

o 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 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, New York 10292. In addition, monthly unaudited financial data is available upon request from the Fund.

o 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
Prudential Government Plus Fund
Prudential Government Securities Trust
    Intermediate Term Series
Prudential High Yield Fund
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

Global Funds

Prudential Global Fund, Inc.
Prudential Global Genesis Fund
Prudential Global Natural Resources Fund
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 Equity Fund, Inc.
Prudential Equity Income Fund
Prudential FlexiFund
    Conservatively Managed Portfolio
    Strategy Portfolio
Prudential Growth Fund, Inc.
Prudential Growth Opportunity Fund
Prudential IncomeVertible(R) Fund, Inc.
Prudential Multi-Sector Fund, Inc.

Prudential Utility Fund
Nicholas-Applegate Fund, Inc.
Nicholas-Applegate Growth Equity Fund

Money Market Funds

o 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

o 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

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

o 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 and 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.

TABLE OF CONTENTS

	Page
FUND HIGHLIGHTS	2
FUND EXPENSES	4
FINANCIAL HIGHLIGHTS	5
HOW THE FUND INVESTS	7
Investment Objective and Policies	7
Other Investments and Policies	7
Investment Restrictions	9
HOW THE FUND IS MANAGED	9
Manager	9
Distributor	10
Portfolio Transactions	11
Custodian and Transfer and Dividend Disbursing Agent	12
HOW THE FUND VALUES ITS SHARES	12
HOW THE FUND CALCULATES PERFORMANCE	12
TAXES, DIVIDENDS AND DISTRIBUTIONS	13
GENERAL INFORMATION	14
Description of Common Stock	14
Additional Information	15
SHAREHOLDER GUIDE	15
How to Buy Shares of the Fund	15
Alternative Purchase Plan	16
How to Sell Your Shares	18
How to Exchange Your Shares	21
Shareholder Services	22
THE PRUDENTIAL MUTUAL FUND FAMILY	A-1

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CUSIP Nos.: Class A: 743911-20-8
Class B: 743911-10-9

Prudential
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February 28, 1994

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

PRUDENTIAL UTILITY FUND

Statement of Additional Information
February 28, 1994

Prudential-Bache Utility Fund, Inc., doing business as Prudential Utility Fund (the Fund), is an open-end, diversified management investment company. Its investment objective is to seek high current income and moderate capital appreciation through investment in equity and debt securities of utility companies, principally electric, gas and telephone companies. In normal circumstances, the Fund intends to invest at least 80% of its assets in such securities. See "Investment Objective and Policies."

The Fund offers two classes of shares which may be purchased at the next determined net asset value per share plus a sales charge which, at the election of the investor, may be imposed (i) at the time of purchase (Class A shares) or (ii) on a deferred basis (Class B shares). These alternatives permit an investor to choose the method of purchasing shares that is most beneficial given the amount of the purchase, the length of time the investor expects to hold the shares and other circumstances.

Each share of Class A and Class B common stock represents an identical legal interest in the investment portfolio of the Fund and has the same rights, except that the Class B shares bear the expenses of a higher distribution fee which will cause the Class B shares to have a higher expense ratio and to pay lower dividends than the Class A shares. Each class will have exclusive voting rights with respect to its distribution plan. Although the legal rights of holders of Class A and Class B shares are identical, the different expenses borne by each class will result in different net asset values and dividends. The two classes also have different exchange privileges.

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 February 28, 1994, a copy of which may be obtained from the Fund upon request.

TABLE OF CONTENTS

Cross-reference
to page in

	Page	Prospectus
General Information	B-2	14
Investment Objective and Policies	B-2	7
Investment Restrictions	B-6	9
Directors and Officers	B-7	9
Manager	B-9	9
Distributor	B-11	10
Portfolio Transactions and Brokerage	B-12	11
Purchase and Redemption of Fund Shares	B-14	15
Shareholder Investment Account	B-15	15
Net Asset Value	B-18	12
Taxes	B-19	13
Performance Information	B-20	12
Custodian and Transfer and Dividend Disbursing Agent and Independent Accountants	B-21	12
Financial Statements	B-22	-
Report of Independent Accountants	B-32	-

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GENERAL INFORMATION

On August 24, 1984, the shareholders of the Fund at the Annual Meeting of Shareholders approved an amendment to the Fund's Articles of Incorporation, as recommended by the Board of Directors, to change the Fund's name to Prudential-Bache Utility Fund, Inc. from Prudential-Bache Tax-Managed Utility Fund, Inc. On September 22, 1983, the shareholders of the Fund at the Annual Meeting of Shareholders approved an amendment to the Fund's Articles of Incorporation, as recommended by the Board of Directors, to change the Fund's name to Prudential-Bache Tax-Managed Utility Fund, Inc. from Chancellor Tax-Managed Utility Fund, Inc.

On March 15, 1991, the Board of Directors approved an amendment to the Fund's Articles of Incorporation to change the Fund's name to Prudential Utility Fund, Inc. and authorized the Fund to do business under the name of Prudential Utility Fund until the next annual or special meeting of shareholders at which time the amendment will be submitted to shareholders for their approval.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to seek high current income and moderate capital appreciation through investment in equity and debt securities of utility companies, principally electric, gas and telephone companies. In normal circumstances, the Fund intends to invest at least 80% of its assets in such securities. It is anticipated that the Fund will invest primarily in utility common stocks that have a high expected return; however, the Fund may invest primarily in utility preferred stocks and debt securities when it appears that the Fund will be better able to achieve its investment objective through investments in such securities, or when the Fund is temporarily in a defensive position. Moreover, should extraordinary conditions affecting the utility sector or securities markets as a whole warrant, the Fund may temporarily be primarily invested in money market instruments.

Borrowing

The Fund may borrow money for temporary, extraordinary or emergency purposes or for the clearance of transactions. Such borrowings may not exceed 20% of the value of the Fund's total assets when the loan is made. The Fund may pledge up to 20% of its total assets to secure such borrowings.

Options on Stocks

The Fund may purchase and write (i.e., sell) put and call options on stocks and, as described below, on stock indices, that are listed on a U.S. or foreign securities exchange. A call option is a short-term contract (having a duration of nine months or less) pursuant to which the purchaser of the call option, in return for a premium paid, has the right to buy the security underlying the option at a specified exercise price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation, upon exercise of the option, to deliver the underlying security against payment of the exercise price during the option period. A put option is a similar contract which gives the purchaser of the put option, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying security, upon exercise, at the exercise price during the option period. All call options written by the Fund must be "covered" so long as the Fund remains obligated as a writer. A call option is covered if the Fund either (i) owns the underlying security covered by the call or has an absolute and immediate right to acquire that security without additional cash consideration upon conversion or exchange of other securities held in its portfolio or (ii) holds on a share-for-share basis a call on the same security 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. As long as the Fund remains obligated as the writer of a put, the Fund will maintain with its Custodian cash, Treasury bills or other high grade short-term obligations, or short-term U.S. Government securities equal in value to the amount it will be obligated to pay upon exercise of the put or else will hold on a share-for-share basis a put on the same security as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written.

The premium paid by the purchaser of an option will reflect, among other things, the relationship of the exercise price to the market price and volatility of the underlying security, the remaining term of the option, supply and demand and interest rates.

If the Fund has written an option and wishes to terminate its obligation, it may effect a "closing purchase transaction." This is accomplished by buying an option of the same series as the option previously written. The effect of the purchase is that the Fund's position as a writer will be cancelled by The Options Clearing Corporation. However, the Fund may not effect a closing purchase transaction after it has been notified of the exercise of an option. If the Fund wishes to sell a security on which a call has been written, it will effect a closing purchase transaction simultaneously with or before selling the security. There is no guarantee that a closing purchase transaction can be effected.

The Fund intends to write covered calls on its portfolio securities in order to attempt to increase the return on its portfolio. The Fund may write a call on a security when the investment adviser believes that the return from writing the call plus the appreciation in the price of the security up to the exercise price

will be greater than the anticipated appreciation in the price of the security alone. The Fund may write a call that is covered by another call purchased by the Fund as a substitute for the purchase of stock and the writing of calls on such stock.

The Fund may purchase calls on securities that the investment adviser wishes to include in the Fund's portfolio in order to fix the cost of the future purchase of the underlying security. A call may also be purchased instead of the underlying security when, for example, the investment adviser believes that the payment of the applicable premium is desirable in light of prevailing interest rates or for other reasons. If the market price of the security upon which a call has been purchased by the Fund does not exceed the exercise price during the life of the call, and the call is not sold while it has remaining value, the Fund may lose its entire investment in the call.

The Fund may write puts when it wishes to invest in a security at a price lower than the current market price. In such a situation, the Fund may write a put on a security at an exercise price which, giving effect to the premium, is the price it would be willing to pay for the underlying security.

The Fund may buy puts on securities that the Fund owns in order to protect the Fund from a potential decline in the value of the underlying securities. If the market price of the underlying security upon which a put has been purchased by the Fund remains equal to or greater than the exercise price during the life of the put, and the put is not sold when it has remaining value, the Fund will lose its entire investment in the put.

Writing a call may result in a loss equal to the difference between the market price of the underlying security at exercise and the sum of the exercise price of the call plus the premium received from the sale of the call. After writing a put, the Fund may incur a loss equal to the difference between the exercise price of the put and the sum of the market price of the underlying security at exercise plus the premium received from the sale of the put.

The Fund will realize a profit or loss from a closing purchase transaction if the cost of the transaction is less or more than the premium received from the writing of the option; however, any loss so incurred in a closing purchase transaction may be partially or entirely offset by the premium received from a simultaneous or subsequent sale of a different call or put option. Also, because increases in the market price of a call will generally reflect increases in the market price of the underlying security, any loss resulting from a closing purchase transaction is likely to be offset in whole or in part by appreciation of the underlying security owned by the Fund.

Options on Stock Indices

The Fund may also purchase and write options on stock indices relating to the utility industry and segments thereof. Options on stock indices, including options on indices relating to the utility industry, are similar to options on stock except that, rather than giving 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 the 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 and gain or loss depends on price movements in the stock market generally (or in a particular segment of the market) rather than price movements in individual stocks.

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.

As an example of a transaction involving stock index options, assume that a holder of a call on the XYZ Index with an exercise price of $80 chooses to exercise it on a date when the index closes at $85. If the multiplier for options on the XYZ Index is 100, the assigned writer would be obligated to pay, and the exercising holder would be entitled to receive, $500 in cash (($85-$80) x 100=$500).

The Fund's use of options on indices relating to the utility industry will be subject to risks, some of which differ from the risks attendant to comparable uses of stock options as described above. Since the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Fund will realize a gain or loss on the purchase or sale of an option on an index depends upon movements in the level of stock prices in the utility industry rather than movements in the price of a particular stock. Accordingly, successful use by the Fund of options on indices would be subject to the investment adviser's ability to correctly predict movements in the level of prices of the stocks of the utility companies comprising the index. This requires skills and techniques that are different than those required for predicting changes in the price of individual stocks.

Index prices may be distorted if trading of certain stocks included in the index is interrupted. In addition, trading in options on an index may be interrupted in certain circumstances, such as if trading were halted in a substantial number of stocks 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, might be unable to exercise an option it holds, which could result in substantial losses to the Fund. However, it would be the Fund's policy to purchase or write options only on utility industry indices which include a sufficient number of stocks so that the likelihood of a trading halt in the index is minimized.

Because exercises of indexed options are settled in cash, a call writer such as the Fund cannot determine the amount of its settlement obligation in advance and, unlike call writing on specific stocks, cannot provide in advance for, or cover, its potential settlement obligation by acquiring and holding the underlying securities. However, except as described below, the Fund will write call options on indices only if on such date it holds a portfolio of stocks 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 stock index relating to the utility industry, the Fund will segregate or put into escrow with its Custodian, or pledge to a broker as collateral for the option, at least ten "qualified securities," all of which are stocks of issuers in that portion of the utility industry covered by the index, 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 25% of the weighing of the utility industry index. No individual security will represent more than 20% of the amount so segregated, escrowed or pledged. 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 so segregate, escrow or pledge an amount in cash, Treasury bills or other high grade short-term obligations equal in value to the difference. 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 obligations in a segregated account with its Custodian, it will not be subject to the above requirements. A "qualified security" is an equity security which is listed on a U.S. or foreign securities exchange or listed on the National Association of Securities Dealers Automated Quotation System against which the Fund has not written a stock call option.

Price movements in the Fund's portfolio will not correlate perfectly with movements in the level of the index and, therefore, the Fund bears the risk that the price of the securities held by the Fund may not increase as much as the index. In such event, the Fund would bear a loss on the call which is not completely offset by movements in the price of the Fund's portfolio. It is also possible that the index may rise when the Fund's portfolio of stocks does not rise or when it falls. If this occurred, the Fund would experience a loss on the call which is not offset by an increase in the value of its portfolio and might also experience a loss in its portfolio.

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 (in amounts not exceeding 20% 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 learns that a call it has written was 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 stocks in its portfolio. As with stock options, the Fund will not learn that a call it has written 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 stock portfolio in order to make settlement in cash, and the price of such stocks 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 day the exercise notice is filed with the clearing corporation and the close of trading on the day when the Fund exercises the call it holds or the time when the Fund sells the call, which in either case would occur no earlier than the day following the day on which the exercise notice was filed.

If the Fund holds an index option and exercises it before final determination of the closing index value for that day, it runs the risk that the level of the underlying index may change before closing. If such a change causes the exercised option to fall "out-of-the-money," the Fund will be required to pay the difference between the closing index value and the exercise price of the option (times the applicable multiplier) to the assigned writer. Although the Fund may be able to minimize this risk by withholding exercise instructions until just before the daily cutoff time or by selling rather than exercising an option when the index level is close to the exercise price, it may not be possible to eliminate this risk entirely because the cutoff times for index options may be earlier than those fixed for other types of options and may occur before definitive closing index values are announced.

The Fund will write call options on indices only if the amount resulting from the multiplication of the then current level of the index (or indices) upon which the option is based, the applicable multiplier(s), and the number of options contracts which would be outstanding, would not exceed one-third of the value of the Fund's net assets and, together with call options written on stocks, would not exceed 50% of the Fund's net assets.

The Fund has undertaken with certain state securities commissions that, as long as its shares are registered in those states, it will not (a) write puts having aggregate exercise prices greater than 25% of net assets; or (b) purchase (i) put options on stocks not in the Fund's portfolio, (ii) put options on indices or (iii) call options on stocks or stock indices if, after such purchase, the aggregate premiums paid for such options currently owned would exceed 10% of the Fund's net assets.

Repurchase Agreements

The Fund may on occasion enter into repurchase agreements, wherein the seller agrees to repurchase a 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 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. The Fund participates in a joint repurchase account with other investment companies managed by Prudential Mutual Fund Management, Inc. (PMF) pursuant to an order of the Securities and Exchange Commission (SEC).

Defensive Strategy

When conditions dictate a defensive strategy, the Fund may invest in money market instruments, including commercial paper of domestic corporations, certificates of deposit, bankers' acceptances and other obligations of domestic banks (including foreign branches), and obligations issued or guaranteed by the U.S. Government, its instrumentalities or its agencies. Investments in foreign branches may be subject to certain risks, including future political and economic developments, the possible imposition of withholding taxes on interest income, the seizure or nationalization of foreign deposits and foreign exchange controls or other restrictions. The Fund may also invest in short-term municipal obligations, such as tax, bond and revenue anticipation notes, construction loan and project financing notes and tax-exempt commercial paper. When cash may be available only for a few days, it may be invested by the Fund in repurchase agreements until such time as it may otherwise be invested or used for payment of obligations of the Fund. See "Repurchase Agreements."

Portfolio Turnover

The Fund expects that its portfolio turnover rate may exceed 100%, although such rate is not expected to exceed 200%. The portfolio's turnover rate is computed by dividing the lesser of portfolio purchases or sales (excluding all securities whose maturities at acquisition were one year or less) by the average value of the portfolio. High portfolio turnover involves correspondingly greater brokerage commissions and other transaction costs, which are borne directly by the Fund.

Lending of Securities

Consistent with applicable regulatory requirements, the Fund may lend its portfolio securities to brokers, dealers and financial institutions, provided that outstanding loans do not exceed in the aggregate 33% of the value of the Fund's total assets and provided that such loans are callable at any time by the Fund and are at all times secured by cash or equivalent collateral that is equal to at least the market value, determined daily, of the loaned securities. The advantage of such loans is that the Fund continues to receive payments in lieu of the interest and dividends on the loaned securities, while at the same time earning interest either directly from the borrower or on the collateral which will be invested in short-term obligations.

A loan may be terminated by the borrower on one business day's notice or by the Fund at any time. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates, and the Fund could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. As with any extensions of credit, there are risks of delay in recovery and in some cases loss of rights in the collateral should the borrower of the securities fail financially. However, these loans of portfolio securities will only be made to firms determined to be creditworthy pursuant to procedures approved by the Directors of the Fund. On termination of the loan, the borrower is required to return the securities to the Fund, and any gain or loss in the market price during the loan would inure to the Fund.

Since voting or consent rights which accompany loaned securities pass to the borrower, the Fund will follow the policy of calling the loan, in whole or in part as may be appropriate, to permit the exercise of such rights if the matters involved would have a material effect on the Fund's investment in the securities which are the subject of the loan. The Fund will pay reasonable finders',

administrative and custodial fees in connection with a loan of its securities or may share the interest earned on collateral with the borrower.

The Fund does not intend to lend its securities during the coming year.

INVESTMENT RESTRICTIONS

The following restrictions are fundamental policies. A fundamental policy 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, a majority of the Fund's outstanding voting securities 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.

The Fund may not:

1. Purchase any security (other than obligations of the U.S. Government, its agencies, or instrumentalities) if as a result with respect to 75% of the Fund's total assets, more than 5% of the Fund's total assets (taken at current value) would then be invested in securities of a single issuer; the Fund will concentrate its investments in utility stocks as described under "Investment Objective and Policies."

2. Purchase securities on margin (but the Fund may obtain such short-term credits as may be necessary for the clearance of transactions).

3. Make short sales of securities or maintain a short position, unless at all times when a short position is open it owns an equal amount of such securities or securities convertible into or exchangeable, without payment of any further consideration, for securities of the same issue as, and equal in amount to, the securities sold short, and unless not more than 25% of the Fund's net assets (taken at current value) is held as collateral for such sales at any one time.

4. 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, the purchase and sale of options and collateral arrangements with respect to the purchase and sale of options are not deemed to be the issuance of a senior security or the pledge of assets.

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 or in equity securities for which market quotations are not readily available.

7. Invest in securities of any issuer if, to the knowledge of the Fund, any officer or director of the Fund or of the Manager 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.

8. Buy or sell commodities or commodity contracts, or real estate or interests in real estate, although it may purchase and sell securities which are secured by real estate and securities of companies which invest or deal in real estate.

9. Act as 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.

10. Make investments for the purpose of exercising control or management.

11. Purchase any security restricted as to disposition under federal securities laws.

12. Invest in securities of other investment companies, except by purchases in the open market involving only customary brokerage commissions and as a result of which not more than 5% 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.

13. 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.

14. Make loans, except through (i) the purchase of bonds, debentures, commercial paper, corporate notes and similar evidences of indebtedness of a type commonly sold privately to financial institutions (subject to the limitation in paragraph 11 above), (ii) the lending of its portfolio securities,

as described under "Investment Objective and Policies-Lending of Securities" and (iii) repurchase agreements (repurchase agreements with a maturity of longer than 7 days together with other illiquid assets being limited to 10% of the

Fund's total assets). (The purchase of a portion of an issue of securities described under (i) above distributed publicly, whether or not the purchase is made on the original issuance, is not considered the making of a loan.)

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.

The Fund's policy with respect to put and call options is not a fundamental policy and may be changed without shareholder approval. See "Investment Objective and Policies."

It is also a policy of the Fund, which may be changed without shareholder approval, not to purchase any voting security of any electric or gas utility company (as defined by the Public Utility Holding Company Act of 1935) if as a result the Fund would then hold 5% or more of the outstanding voting securities of such company.

In order to comply with certain State "blue sky" restrictions, the Fund will not as a matter of operating policy (1) make investments which are not readily marketable if at the time of investment more than 15% of its total assets would be committed to such investments, including illiquid securities and foreign securities which are not listed on an exchange; (2) invest in oil, gas and mineral leases; (3) invest more than 2% of its assets in options, financial futures or stock index futures, other than hedging positions or positions that are covered by cash or securities; (4) invest in real estate limited partnerships; and (5) purchase warrants if as a result the Fund would then have more than 5% of its net 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 or American Stock Exchange will be limited to 2% of the Fund's net assets (determined at the time of investment). For the purpose of this limitation, warrants acquired in units or attached to securities are deemed to be without value.

The Directors of the Fund have recommended, subject to shareholder approval, (i) deletion of the Fund's Investment Restriction Number 7, which prohibits the purchase of any security of an issuer if officers and Directors of the Fund or the Manager or Subadviser in the aggregate own more than 5% of the outstanding securities of such issuer and replacement of such restriction with a non-fundamental policy, (ii) modification of Investment Restriction Number 5 to delete that portion of the restriction which prohibits the Fund from purchasing a security if it would then hold more than 10% of any class of securities of such issuer, (iii) deletion of the Fund's Investment Restriction Number 11 and modification of the Fund's Investment Restriction Numbers 6 and 14 relating to illiquid securities (these fundamental policies would be replaced with a non-fundamental policy which permits the Fund to invest up to 10% of its net assets in illiquid securities), (iv) modification of the Fund's investment objective to expand the types of utility companies in which the Fund invests at least 80% of its assets beyond electric, gas and telephone companies to include gas pipeline, telecommunications, water and cable companies, (v) to permit the Fund to purchase and sell futures contracts and related options, (vi) to permit the Fund to engage in forward foreign currency exchange contracts (forward contracts) and options on foreign currencies and (vii) to clarify that the Fund's purchase and sales of forward contracts and collateral arrangements with respect to futures contracts and related options and forward contracts are not deemed to be the issuance of a senior security or the pledge of assets. There can be no assurance that shareholders will approve these changes to the investment restrictions.

<TABLE>
<CAPTION>

DIRECTORS AND OFFICERS

Name and Address	Position with the Fund	Principal Occupations During Past 5 Years
<S>	<C>	<C>
Robert R. Fortune c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, NY	Director	Financial Consultant; previously Chairman, President and Chief Executive Officer of Associated Electric & Gas Insurance Services Limited and Aegis Insurance Services, Inc.; Director of Temporary Investment Fund, Inc., Independence Square Income Securities Inc. and Portfolios for Diversified Investment, Inc.; Trustee of Trust for Short-Term Federal Securities, Municipal Fund for Temporary Investment and The PNC Fund; Managing General Partner of Chestnut Street

Exchange Fund.

Delayne D. Gold c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, NY	Director	Marketing and Management Consultant.

Name and Address	Position with the Fund	Principal Occupations During Past 5 Years
*Harry A. Jacobs, Jr. One Seaport Plaza New York, NY	Director	Senior Director (since January 1986) of Prudential Securities Incorporated (Prudential Securities); formerly Interim Chairman and Chief Executive Officer of PMF (June-September 1993), Chairman of the Board of Prudential Securities (1982-1985) and Chairman of the Board and Chief Executive Officer of Bache Group Inc. (1977-1982); Director of Center for National Policy, The First Australia Fund, Inc., The First Australia Prime Income Fund, Inc., The Global Government Plus Fund, Inc. and The Global Yield Fund, Inc.; Trustee of the Trudeau Institute.
*Lawrence C. McQuade One Seaport Plaza New York, NY	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) and Kaiser Tech., Ltd. and Kaiser Aluminum and Chemical Corp. (March 1987-November 1988); formerly Executive Vice President and Director of W.R. Grace & Company; President and Director of The Global Government Plus Fund, Inc., The Global Yield Fund, Inc. and The High Yield Income Fund, Inc.
Thomas A. Owens, Jr. c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, NY	Director	Consultant; Director of EMCORE Corporation.
*Richard A. Redeker One Seaport Plaza New York, NY	Director	President, Chief Executive Officer and Director (since October 1993), PMF; Executive Vice President, Director and Member of the Operating Committee (since October 1993), Prudential Securities; 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 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, NY	Director	Retired since January 1987; formerly Financial Vice President, Commonwealth Edison Company.
Merle T. Welshans c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, NY	Director	Adjunct Professor of Finance, Washington University (since July 1983); prior thereto, Vice President-Finance, Union Electric Company; Trustee, Olympic Trust Funds of Los Angeles.
Robert F. Gunia One Seaport Plaza New York, NY	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 (since May 1989) of The Asia Pacific Fund, Inc.
Susan C. Cote One Seaport Plaza New York, NY	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.

Name and Address	Position with the Fund	Principal Occupations During Past 5 Years
S. Jane Rose One Seaport Plaza New York, NY	Secretary	Senior Vice President (since January 1991), Senior Counsel (since June 1987) and 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.
Marguerite E.H. Morrison One Seaport Plaza New York, NY	Assistant Secretary	Vice President and Associate General Counsel (since June 1991) of PMF; Vice President and Associate General Counsel of Prudential Securities.

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* "Interested" director, as defined in the Investment Company Act, by reason of his affiliation with Prudential Securities or PMF.

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.

As described above, certain of the disinterested Directors of the Fund are affiliated with certain utility companies, and one director is a financial consultant who may advise utility clients. In such capacities, these Directors may have access to non-public information regarding certain utility companies or the utility industry generally which they will be under an obligation not to disclose to the Fund. In connection with their review of the Fund's investment program, Directors will not disclose or consider non-public information relating to portfolio investments. It is also the policy of the Fund not to invest in securities of any utility company with which any Director is affiliated.

The Fund pays each of its Directors who is not an affiliated person of PMF annual compensation of $9,000, in addition to certain out-of-pocket expenses.

Directors may receive their Directors' fees pursuant to a deferred fee agreement with the Fund. Under the terms of such agreement, the Fund accrues daily the amount of Directors' fees 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. 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 February 11, 1994, the Directors and officers of the Fund, as a group, owned less than 1% of the outstanding common stock of the Fund.

As of February 11, 1994, Prudential Securities was record holder of 15,938,866 Class A shares (or 47.7% of the outstanding Class A shares) and 209,065,835 Class B shares (or 43.7% of the outstanding Class B shares) of the Fund. In the event of any meetings of shareholders, Prudential Securities will forward, or cause the forwarding of, proxy material 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 to all of the other investment companies that, together with the Fund, comprise the Prudential Mutual Funds. See "How the Fund is Managed" in the Prospectus. As of January 31, 1994, PMF managed and/or administered open-end and closed-end management investment companies with assets of approximately $51 billion. According to the Investment Company Institute, as of June 30, 1993, the Prudential Mutual Funds were the 10th largest family of mutual funds in the United States.

Pursuant to an amended and restated 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 .60 of 1% of the Fund's average daily net assets up to and including $250 million, .50 of 1% of the next $500 million, .45 of 1% of the next $750 million, .40 of 1% of the next $500 million and .35 of 1% of the excess over $2 billion of the Fund's average daily net assets. The fee is computed daily and payable monthly. The Board of Directors of the Fund has approved a reduction of the management fee effective October 1, 1993 which is being presented to shareholders for their consideration at a special meeting of shareholders to be held in 1994. The Manager has agreed, until such reduction is approved by shareholders, to waive a portion of its management fee with respect to assets in excess of $2 billion so that the annual fee received by the Manager would be as follows: .35 of 1% of the Fund's average daily net assets between $2 billion and $4 billion, .325 of 1% of average daily net assets between $4 billion and $6 billion and .30 of 1% of average daily net assets in excess of $6 billion. There can be no assurance that the reduction in management fees will be approved by shareholders. 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 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. 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 investment adviser;

(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 The Prudential Investment Corporation (PIC) pursuant to the subadvisory agreement between PMF and PIC (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 investment adviser, (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 SEC, registering the Fund as a broker or dealer 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 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 June 9, 1993 and by shareholders of the Fund on January 11, 1990.

For the years ended December 31, 1993, 1992 and 1991, PMF received management fees of $18,383,363, $13,493,919 and $11,523,432, respectively.

PMF has entered into the Subadvisory Agreement with PIC (the Subadviser), a wholly-owned subsidiary of The Prudential Insurance Company of America (Prudential). The Subadvisory Agreement provides that PIC will furnish

investment advisory services in connection with the management of the Fund. In connection therewith, PIC 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 PIC's performance of such services. PIC is reimbursed by PMF for the reasonable costs and expenses incurred by PIC in furnishing those services.

The Subadvisory Agreement was last approved by the Board of Directors, including a majority of the Directors who are not parties to such contract or interested persons of any such parties, on June 9, 1993, and by shareholders of the Fund on April 29, 1988.

The Subadvisory Agreement provides that it will terminate in the event of its assignment (as defined in the Investment Company Act) or upon the termination of the Management Agreement. The Subadvisory Agreement may be terminated by the Fund, PMF or PIC upon not more than 60 days', nor less than 30 days', written notice. The Subadvisory Agreement provides that it will continue in effect for a period of more than two years from its execution only so long as such continuance is specifically approved at least annually in accordance with the requirements of the Investment Company Act.

The Manager and the Subadviser are subsidiaries 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 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 (Prudential Securities), One Seaport Plaza, New York, New York 10292 acts as the distributor of the Class B shares of the Fund.

Pursuant to separate Distribution and Service Plans (the Class A Plan and the Class B 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 and Class B shares. See "How the Fund is Managed-Distributor" in the Prospectus.

Prior to January 22, 1990, the Fund offered only one class of shares (the then existing Class B shares). On February 8, 1989 and September 13, 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). On June 9, 1993, the Directors, including a majority of the Rule 12b-1 Directors, at a meeting called for the purpose of voting on each Plan, approved the continuance of the Plans and Distribution Agreements and approved modifications of the Fund's Class A and Class B Plans and Distribution Agreements to conform them with recent amendments to the NASD maximum sales charge rule described below. As 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/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%. As 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) may be used as reimbursement for distribution-related expenses with respect to the Class B shares (asset-based sales charge). The Plans were last approved by the Board of Directors, including a majority of the Rule 12b-1 Directors, on June 9, 1993. 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.

Class A Plan. For the year ended December 31, 1993, PMFD incurred distribution expenses in the aggregate of $573,660, all of which were recovered through the distribution fee paid by the Fund to PMFD under the Class A Plan. These amounts were expended on commission credits to Prudential Securities and Pruco Securities Corporation (Prusec) for payments of commissions and account servicing fees to financial advisers.

In addition, for the year ended December 31, 1993, PMFD received approximately $5,755,000 in initial sales charges.

Class B Plan. For the year ended December 31, 1993, the Distributor received $43,080,963 from the Fund under the Class B Plan. It is estimated that the Distributor incurred aggregate distribution expenses of approximately $60,566,900 on behalf of the Fund during this period. It is estimated that of this amount approximately .4% ($250,700) was spent on printing and mailing of prospectuses to other than current shareholders; 34.1% ($20,622,100) on compensation to Prusec, 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; 2.2% ($1,330,500) on interest and/or carrying

charges; and 63.3% ($38,363,600) in the aggregate of (i) commission credits to Prudential Securities branch offices for payments of commissions to financial advisers (32.4% or $19,652,700) and (ii) an allocation of overhead and other branch office distribution-related expenses 30.9% ($18,710,900). The term "overhead and other branch office distribution-related expenses" represents (a) the expenses of operating branch offices of Prudential Securities and Prusec 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) travel 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.

The Distributor also receives the proceeds of contingent deferred sales charges paid by holders of Class B shares upon certain redemptions of Class B shares. See "Shareholder Guide-How to Sell Your Shares-Contingent Deferred Sales Charges-Class B Shares" in the Prospectus. The amount of distribution expenses reimbursable by the Class B shares of the Fund is reduced by the amount of such contingent deferred sales charges. For the fiscal year ended December 31, 1993, the Distributor received approximately $4,330,000 in contingent deferred sales charges.

The Class A and Class B 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 Class A and Class B 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. Neither Plan may be amended to increase materially the amounts to be spent for the services described therein without approval by the shareholders of the applicable class, and all material amendments are required to be approved by the Board of Directors in the manner described above. Each Plan will automatically terminate in the event of its assignment. The Fund will not be contractually obligated to pay expenses incurred under either the Class A or Class B Plan if they are 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 the Class A and Class B shares of the Fund by PMFD and Prudential Securities, respectively. The report includes 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 Directors who are not interested persons of the Fund shall be committed to the Directors who are not interested persons of the Fund.

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 Directors, including a majority of the Rule 12b-1 Directors, on June 9, 1993.

NASD Maximum Sales Charge Rule. Pursuant to rules of the National Association of Securities Dealers, Inc., 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 Class B shares of the Fund may not exceed .75 of 1%. The 6.25% limitation applies to each class of the Fund rather than on a per shareholder basis. If aggregate sales charges were to exceed 6.25% of total gross sales of either 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. The term "Manager" as used in this section includes the Subadviser. Purchases and sales of securities on a securities exchange are effected through brokers who charge a commission for their services. 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 account 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 or any affiliate in any transaction in which Prudential Securities or any affilate acts as principal. Thus it will not deal in 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.

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. This means that the Manager will seek to execute each transaction at a price and commission, if any, which provides the most favorable

total cost or proceeds reasonably attainable in the circumstances. While the Manager generally seeks reasonably competitive spreads or commissions, the Fund will not necessarily be paying the lowest spread or commission available. Within the framework of the policy of obtaining most favorable price and efficient execution, the Manager will consider research and investment services provided by brokers or dealers who effect or are parties to portfolio transactions of the Fund, the Manager or the Manager's other clients. Such research and investment services are those which brokerage houses customarily provide to institutional investors and include statistical and economic data and research reports on particular companies and industries. Such services are used by the Manager in connection with all of its investment activities, and some of such services obtained in connection with the execution of transactions for the Fund may be used in managing other investment accounts. Conversely, brokers or dealers furnishing such services may be selected for the execution of transactions of such other accounts, whose aggregate assets are far larger than those of the Fund, and the services furnished by such brokers or dealers may be used by the Manager in providing investment management for the Fund. Commission rates are established pursuant to negotiations with the broker or dealer based on the quality and quantity of execution services provided by the broker or dealer in the light of generally prevailing rates. The Manager's policy is to pay higher commission rates 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 the best price and execution. The Manager is authorized to pay higher commissions on brokerage transactions for the Fund to brokers or dealers other than Prudential Securities in order to secure research and investment services described above, subject to review by the Fund's Board of Directors from time to time as to the extent and continuation of this practice. The allocation of orders among brokers and dealers and the commission rates paid are reviewed periodically.

Subject to the above considerations, the Manager may use Prudential Securities 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 a securities 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 arm's-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. In accordance with Section 11(a) under the Securities Exchange Act of 1934, Prudential Securities may not retain compensation for effecting transactions on a national securities exchange for the Fund unless the Fund has expressly authorized the retention of such compensation in a written contract executed by the Fund and Prudential Securities. Section 11(a) provides that Prudential Securities must furnish to the Fund at least annually a statement setting forth the total amount of all compensation retained by Prudential Securities from transactions effected for the Fund during the applicable period. Brokerage transactions with Prudential Securities are also subject to such fiduciary standards as may be imposed upon Prudential Securities by applicable law.

Transactions in options by the Fund will be subject to limitations established by each of the exchanges governing the maximum number of options which may be written or held by a single investor or group of investors acting in concert, regardless of whether the options are written or held on the same or different exchanges or are written or held in one or more accounts or through one or more brokers. Thus, the number of options which the Fund may write or hold may be affected by options written or held by Prudential and other investment advisory clients of Prudential. An exchange may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions. As of the date of this Statement of Additional Information, these limits (which are subject to change) are 8,000 options on the most actively traded stocks (i.e., (i) stocks that had trading volume of at least 40 million shares in the prior six-month period or (ii) stocks that have at least 120 million shares outstanding and also had trading volume of at least 30 million shares in the prior six-month period) and 5,500 options on stocks that had a trading volume of at least 20 million shares in the prior six-month period or stocks that have at least 40 million shares outstanding and a trading volume of at least 15 million shares in the prior six-month period. All other stock options will have a 3,000-contract limit. Option contracts on an industry index are limited to between 15,000 and 25,000 contracts.

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 December 31, 1993.
<TABLE>
<CAPTION>

<S>	YEAR ENDED DECEMBER 31, 1993 <C>	YEAR ENDED DECEMBER 31, 1992 <C>	YEAR ENDED DECEMBER 31, 1991 <C>
Total brokerage commissions paid by the Fund	$4,408,907	$3,874,696	$3,084,779
Total brokerage commissions paid to Prudential Securities	366,575	455,706	370,000
Percentage of total brokerage commissions paid to Prudential Securities	8.3%	11.8%	12.0%

</TABLE>

The Fund effected approximately 8.5% of the total dollar amount of its transactions involving the payment of commissions through Prudential Securities during the year ended December 31, 1993. Of the total brokerage commissions paid during that period, $2,497,051 (75.33%) were paid to firms which provide research, statistical or other services to PMF. PMF has not separately identified the portion of such brokerage commissions which relates to the provision of such research, statistical or other services.

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 (the initial sales charge alternative) or (ii) on a deferred basis (the deferred sales charge alternative). See "Shareholder Guide-How to Buy Shares of the Fund" in the Prospectus.

The Fund issues two classes of shares: Class A shares are sold to investors choosing the initial sales charge alternative and Class B shares are sold to investors choosing the deferred sales charge alternative. The two classes of shares represent an interest in the same portfolio of investments of the Fund and have the same rights, except that each class bears the separate expenses of its Rule 12b-1 distribution plan and has exclusive voting rights with respect to such plan. See "Distributor." The two classes also have 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 are sold at a maximum sales charge of 5.25% and Class B shares are sold at net asset value.* Using the Fund's net asset value at December 31, 1993, the maximum offering price of the Fund's shares is as follows:

Class A

Net asset value and redemption price per Class A share	$ 9.72
Maximum sales charge (5.25% of offering price)	.54
Maximum offering price to public	$10.26

Class B

Net asset value, offering price and redemption price per Class B share*	$ 9.69

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

REDUCTION AND WAIVER OF INITIAL SALES CHARGES-CLASS A SHARES

RETIREMENT AND GROUP PLANS. Class A shares are offered at net asset value to participants in certain retirement, deferred compensation, affinity group and group savings plans, provided the plan has existing assets of at least $10 million or 2,500 eligible employees or members. The term "existing assets" includes transferable cash, shares of Prudential Mutual Funds held at the Transfer Agent and GICs maturing within three years. The retirement and group plans eligible for this waiver of the initial sales charge include, but are not limited to, pension, profit-sharing or stock bonus plans qualified or non-qualified within the meaning of Section 401 of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), deferred compensation and annuity plans within the meaning of Sections 403(b)(7) and 457 of the Internal Revenue

Code, certain affinity group plans such as plans of credit unions and trade associations and certain group savings plans.

COMBINED PURCHASES 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-Alternative Purchase Plan" 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 spouse'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. The Combined Purchase and Cumulative Purchase Privilege does not apply to individual participants described above under "Retirement and Group Plans."

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 the Class A shares of the Fund and Class A shares of other Prudential Mutual Funds to 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 shareholder 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 the retirement and group plans described under "Retirement and Group Plans."

LETTERS OF INTENT. Reduced sales charges are available to investors (or a related group of eligible 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 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 either directly with the Transfer Agent or through Prudential Securities. Letters of Intent are not available to individual participants in retirement and group plans described above under "Retirement and 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 cost, 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 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.

SHAREHOLDER INVESTMENT ACCOUNT

Upon the initial purchase of Class A or Class B shares of the Fund, a Shareholder Investment Account is established for each investor under which a record of the shares held is maintained 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 shareholder 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 dividend or 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 Class A and Class B 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 Class A and Class B shares, respectively, 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. 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 plans having 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 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)
  (Massachussetts Money Market Series)
  (New Jersey Money Market Series)
  (New York Money Market Series)
Prudential MoneyMart Assets
Prudential Tax-Free Money Fund

CLASS B. Shareholders of the Fund may exchange their Class B shares for Class B shares of certain other Prudential Mutual Funds and shares of Prudential Special Money Market Fund, a money market fund. If Class B shares of the Fund are exchanged for Class B shares of other Prudential Mutual Funds, no contingent deferred sales charge will be payable upon such exchange of Class B shares, but a contingent deferred sales charge will be payable upon the redemption of the Class B 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 shares of the Fund may also be exchanged for shares of an eligible money market fund without imposition of any contingent deferred sales charge 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 Class B contingent deferred sales charge 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 contingent deferred sales charge, 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. Coversely, 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.

At any time after acquiring shares of other funds participating in the Class B Exchange Privilege the shareholder may again exchange those shares (and any reinvested dividends and distributions) for Class B shares of the Fund without subjecting such shares to any contingent deferred sales charge. Shares of any fund participating in the Class B Exchange Privilege that were acquired

through reinvestment of dividends or distributions may be exchanged for Class B shares of other funds without being subject to any contingent deferred sales charge.

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 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."

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1 Source 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.

2 The 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 Class A or Class B 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 having Class A or Class B shares of the Fund held 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 shares may be subject to a CDSC. See "Shareholder Guide-How to Sell Your Shares-Contingent Deferred Sales Charge-Class B Shares" 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 automaticially 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 generally 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 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 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.

<TABLE>
<CAPTION>

Tax-Deferred Compounding(1)

Contributions Made Over:	Personal Savings	IRA
<S>	<C>	<C>
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

<FN>

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(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.

</FN>
</TABLE>

NET ASSET VALUE

Under the Investment Company Act, the Directors are responsible for determining in good faith the fair value of securities of the Fund.

The net asset value per share is the net worth of the Fund (assets, including securities at value, minus liabilities) divided by the number of shares outstanding. The value of investments listed on a national securities exchange, other than options on stocks and stock indices, 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 exchange. Unlisted securities are valued at the average of the quoted bid and asked prices in the over-the-counter market. Options on stocks and stock indices traded on national securities exchanges are valued at the last sales price at 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 and responsibility 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 if their original maturity when acquired by the Fund was more than 60 days, unless such valuation is determined not to represent fair value by the Board of Directors.

The Fund will compute its net asset value once daily at 4:15 P.M., New York time, on each day 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, President's 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 SEC or its staff.

The net asset value of Class B shares will generally be lower than the net asset value of Class A shares as a result of the larger distribution fee with respect to Class B shares. It is expected, however, that the net asset value per share of the two classes will tend to converge immediately after the recording of dividends which will differ by approximately the amount of the distribution expense accrual differential between the classes.

TAXES

The Fund is qualified 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 loans of securities and gains from the sale or other disposition of securities or foreign currencies, or 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 annual gross income from gains 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 market value 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).

As a regulated investment company, the Fund will not be subject to federal income tax on its net investment income and capital gains, if any, that it distributes to its shareholders, provided that it distributes to shareholders each year at least 90% of its net investment income and short-term capital gains in excess of net long-term capital losses, if any. The Fund intends to distribute to its shareholders all such income and any gains. The Board of Directors of the Fund will determine at least once a year whether to distribute any net long-term capital gains in excess of any net short-term capital losses. In determining amounts of capital gains to be distributed, any capital loss carryovers from prior years will be offset against capital gains.

In addition to the foregoing, a 4% nondeductible excise tax will be imposed on the Fund to the extent the Fund does not meet certain minimum distribution requirements by the end of each calendar year. For this purpose, any income or gain retained by the Fund which is subject to income tax will be considered to have been distributed by year-end. In addition, dividends declared in October, November and December payable to shareholders of record on a specified date in October, November and December and paid in the following January will be treated as having been paid by the Fund and received by each shareholder on December 31 of the calendar year in which declared. Under this rule, therefore, a shareholder may be taxed in one year on dividends or distributions actually received in January of the following year.

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 writes a call thereon. Other gains or losses on the sale of securities will be short-term capital gains or losses. Gains and losses on the sale, lapse or other termination of options on stock will generally be treated as gains and losses from the sale of stock. For federal income tax purposes, when call options which the Fund has written expire unexercised, the premiums received by the Fund give rise to short-term capital gains at the time of expiration. When a call written by the Fund is exercised, the selling price of the stock is increased by the amount of the premium, and the gain or loss on the sale of stock becomes long-term or short-term depending on the stock's holding period. Certain futures contracts and options held by the Fund will be required to be "marked to market" for federal income tax purposes, that is, treated as having been sold at fair market value on the last day of the Fund's fiscal year. Any gain or loss recognized on these deemed sales of these futures contracts and options will be treated 60% as long-term capital gain or loss, and the remainder will be treated as short-term capital gain or loss. In some cases the Fund may be required to defer the recognition of losses on sales of securities or the sale, lapse or other termination of options to the extent of any unrealized gain on related positions held by the Fund.

The "straddle" provisions of the Internal Revenue Code may also affect the taxation of the Fund's transactions in options on securities, stock index futures and options on futures, and limit the deductibility of any loss from the disposition of a position to the amount of the unrealized gain on any offsetting

position. Further, any position in the straddle (e.g., a put option acquired by the Fund) may affect the holding period of the offsetting position for purposes of the 30% of gross income test described above, and accordingly, the Fund's ability to enter into straddles and dispose of the offsetting positions may be limited.

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 acquires shares of the Fund and 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.

PERFORMANCE INFORMATION

AVERAGE ANNUAL TOTAL RETURN. The Fund may advertise its average annual total return. Average annual total return is determined separately for Class A and Class B shares. See "How the Fund Calculates Performance" in the Prospectus.

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 of ahypothetical $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).

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 year period ended December 31, 1993 and the period January 22, 1990 (commencement of offering of Class A shares) through December 31, 1993 was 10.18% and 9.50%, respectively. The average annual total return for Class B shares for the one, five and ten year periods ended on December 31, 1993 was 10.27%, 13.79% and 18.06%, respectively. See "How the Fund Calculates Performance" in the Prospectus.

AGGREGATE TOTAL RETURN. The Fund may also advertise its aggregate total return. Aggregate total return is determined separately for Class A and Class B 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 according to the following formula:

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

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 aggregate total return for Class A shares for the one year period ended December 31, 1993 and the period January 22, 1990 (commencement of offering of Class A shares) through December 31, 1993 was 16.28% and 50.92%, respectively. The aggregate total return for Class B shares for the one, five and ten year periods ended on December 31, 1993 was 15.27%, 91.83% and 426.88%, respectively. See "How the Fund Calculates Performance" in the Prospectus.

YIELD. The Fund may from time to time advertise its yield as calculated over a 30-day period. Yield is calculated separately for Class A and Class B shares. This yield will be computed by dividing the Fund's net investment income per share earned during this 30-day period by the maximum offering price per share on the last day of this period. Yield is calculated according to the following formula:

$$YIELD = 2\left[\left(\frac{a - b}{cd} + 1\right)^6 - 1\right]$$

Where: a = dividends and interest earned during the period.
b = expenses accrued for the period (net of reimbursements).

c = the average daily number of shares outstanding during the period that were entitled to receive dividends.

d = the maximum offering price per share on the last day of the period.

Yield fluctuates and an annualized yield quotation is not a representation by the Fund as to what an investment in the Fund will actually yield for any given period.

The Fund's 30-day yields for the period ended December 31, 1993, were 3.21% and 2.58% for Class A and Class B shares, respectively.

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

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[1] Source: Ibbotson Associates, "Stocks, Bonds, Bills and Inflation-1993 Yearbook" (annually updates the work of Roger G. Ibbotson and Rex A. Sinquefield). 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.

CUSTODIAN AND 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. Its mailing address is P.O. Box 15005, New Brunswick, New Jersey 08906-5005. PMFS 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, the payment of dividends and distributions and related functions. For these services, PMFS receives an annual fee per shareholder account, in addition to 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 year ended December 31, 1993, the Fund incurred fees of approximately $4,920,800 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.

PRUDENTIAL UTILITY FUND

PORTFOLIO OF INVESTMENTS
DECEMBER 31, 1993

SHARES	DESCRIPTION	VALUE (NOTE 1)
	LONG-TERM INVESTMENTS--88.2%	
	COMMON STOCKS--84.1%	
	COMMUNICATIONS--22.2%	
993,600	Ameritech Corp..........	$ 76,258,800
1,050,000	BCE, Inc................	36,618,750
867,900	Bell Atlantic Corp.......	51,206,100
855,200	BellSouth Corp..........	49,494,700
8,200,000	British Telecommunications PLC (ADR) (United Kingdom)...............	57,126,825
1,322,400	GTE Corp................	46,284,000
1,175,000	MTC Electronic Technologies, Ltd.......	10,942,188
2,037,600	NYNEX Corp..............	81,758,700
1,500,000	Pacific Telesis Group....	81,000,000
165,000	Rochester Telephone Corp....................	7,445,625
17,700,000	SIP (Italy).............	37,163,292
2,719,200	Southern New England Telecommunications Corp....................	98,231,100
3,769,300	Sprint Corp.............	130,983,175
14,147,500	STET (Italy)............	36,248,583
1,346,000	Telebras (ADR) (Brazil)...............	45,679,875
2,550,000	Telefonica de Espana (ADR) (Spain)..........	99,450,000
1,576,300	Telefonos de Mexico (ADR) (Mexico)...............	106,400,250
1,713,700	U.S. West, Inc..........	78,615,988
		1,130,907,951
	ELECTRIC POWER--34.7%	
253,028	AES Corp................	8,824,352
243,200	American Electric Power, Inc....................	9,028,800
400,000	Boston Edison Co.........	11,900,000
1,000,000	California Energy, Inc.*..................	18,500,000

2,336,500	Centerior Energy Corp....	30,666,563
701,800	Central Hudson Gas & Electric Co............	21,317,175
1,033,400	Central Louisiana Electric Co............	25,576,650
744,900	Central Maine Power Co......................	11,173,500
5,200,000	China Light & Power Co., Ltd. (Hong Kong)........	38,020,055
910,200	Cincinnati Gas & Electric Co......................	25,030,500
3,700,000	CMS Energy Corp..........	92,962,500
2,804,600	Commonwealth Edison Co......................	79,229,950
1,960,160	Companhia Energetica de Minas (ADR) (Brazil)*...	35,121,747
63,200	Destec Energy, Inc.*.....	908,500
2,200,600	Detroit Edison Co........	66,018,000
1,121,400	DPL, Inc.................	23,128,875
763,700	DQE, Inc.................	26,347,650
896,300	Eastern Utilities Assoc...................	25,096,400
1,710,200	El Paso Electric Co.*/**................	4,596,163
1,247,700	Empresa Nacional de Electricidad (ADR) (Spain).................	59,265,750
300,000	Enersis (ADR) (Spain)....	7,050,000
1,562,700	Entergy Corp.............	56,257,200
250,000	Evn Energ Versorg (Austria)..............	32,089,399
2,937,800	General Public Utilities Corp....................	90,704,575
5,316,200	Gulf States Utilities Co.*....................	106,324,000
6,300,000	Iberdrola (Spain)........	45,110,022
3,351,700	Illinois Power Co........	74,156,363
887,600	Kansas City Power & Light Co......................	20,414,800
89,600	Kenetech Corp.*..........	1,797,600
3,625,000	Long Island Lighting Co......................	88,359,375
6,000,000	National Power PLC (United Kingdom)*.......	42,774,276
1,864,600	New York State Electric & Gas Corp...............	57,336,450
1,160,000	Niagara Mohawk Power Corp....................	23,490,000
1,018,200	NIPSCO Industries, Inc.....................	33,473,325
2,473,900	Northeast Utilities Co......................	58,755,125
770,000	Oester Elektrizita (Austria)..............	46,923,108

See Notes to Financial Statements.

SHARES	DESCRIPTION	VALUE (NOTE 1)
	ELECTRIC POWER (CONT'D)	
3,011,900	Philadelphia Electric Co......................	$ 91,109,975
2,103,400	Pinnacle West Capital Corp....................	47,063,575
499,700	PowerGen PLC (United Kingdom)*.......	4,015,979
2,612,400	PSI Resources, Inc.......	69,228,600
274,100	Public Service Co. of Colorado................	8,805,463
2,057,000	Public Service Co. of New Mexico*............	23,141,250
921,200	Rochester Gas & Electric Corp....................	24,181,500
1,098,100	Sithe Energies, Inc.*....	14,275,300
1,922,900	Southern Co..............	84,847,964
115,000	United Illuminating Co......................	4,628,750
		1,769,027,104
	NATURAL GAS--27.2%	

3,148,000	Arkla, Inc..............	24,790,500
283,650	Bay State Gas Co.........	8,084,025
2,521,300	British Gas PLC (ADR) (United Kingdom)........	129,846,950
850,000	Burlington Resources, Inc.....................	36,018,750
3,962,875	Coastal Corp............	111,455,859
2,500,000	Columbia Gas System, Inc.*/**................	55,937,500
1,100,000	Consolidated Natural Gas Co......................	51,700,000
5,000	Eastern Enterprises, Inc.....................	127,500
1,477,600	El Paso Natural Gas Co......................	53,193,600
500,000	Energen Corp............	10,750,000
1,356,000	Enron Corp..............	39,324,000
2,782,900	ENSERCH Corp............	45,222,125
1,500,000	Equitable Resources, Inc.....................	54,937,500
690,300	KN Energy, Inc..........	17,775,225
1,210,600	NICOR, Inc..............	33,896,800
700,000	Oryx Energy Co..........	12,075,000
3,544,300	Pacific Enterprises......	84,177,125
4,806,900	Panhandle Eastern Corp....................	113,563,013
117,600	Providence Energy Corp....................	2,278,500
1,880,400	Questar Corp............	$ 62,053,200
990,000	Sonat Offshore Drilling, Inc.....................	15,840,000
3,561,400	Sonat, Inc..............	102,835,425
205,400	Southwest Gas Corp.......	3,286,400
802,500	Talisman Energy, Inc.*...	17,607,339
521,800	Tejas Power Corp.*.......	5,087,550
7,700,000	TransCanada Pipelines, Ltd. (Canada)..........	117,240,400
1,916,300	Transco Energy Co........	27,067,738
2,200,000	Westcoast Energy, Inc....	36,300,000
4,396,450	Williams Cos., Inc.......	107,163,462
161,150	Yankee Energy System, Inc.....................	3,968,319

		1,383,603,805

	Total common stocks (cost $3,518,021,463)...	4,283,538,860

	PREFERRED STOCKS	
	ELECTRIC POWER	
	El Paso Electric Co. */**	
7,000	$8.24....................	504,000
10,300	$8.44....................	741,600
5,700	$8.95....................	410,400

	Total preferred stocks (cost $1,158,100)......	1,656,000

PRINCIPAL AMOUNT (000)		
	BONDS--4.1%	
	COMMUNICATIONS	
	MTC Electronic Technologies, Ltd.,	
$2,250	8.00%, 7/31/03...........	2,576,250

	ELECTRIC POWER--1.7%	
	Arkansas Power & Light Co.,	
5,000	10.00%, 2/1/20...........	5,373,250

See Notes to Financial Statements.

PRINCIPAL AMOUNT (000)	DESCRIPTION	VALUE (NOTE 1)
	ELECTRIC POWER (CONT'D)	
	Cincinnati Gas & Electric Co.,	
$ 6,500	9.70%, 6/15/19...........	$ 7,003,620

10,000	10.20%, 12/1/20...........	11,625,000
	Cleveland Electric Illumination Co.,	
10,000	9.375%, 3/1/17...........	10,037,500
	Commonwealth Edison Co.,	
10,000	9.625%, 7/1/19...........	10,649,300
	Niagara Mohawk Power Corp.,	
10,000	9.50%, 3/1/21............	11,299,900
	Ohio Edison Co.,	
10,000	9.75%, 7/15/19...........	10,875,100
	Texas Utilities Co.,	
5,000	9.75%, 5/1/21............	6,031,150
	Virginia Electric & Power Co.,	
10,000	9.75%, 2/1/19............	10,660,300
		83,555,120
	NATURAL GAS--2.4%	
	Arkla, Inc.,	
20,000	10.00%, 11/15/19.........	23,000,000
	Burlington Resources, Inc.,	
10,000	8.50%, 10/1/01...........	11,257,900
15,000	9.125%, 10/1/21..........	18,072,600
	Coastal Corp.,	
5,000	8.125%, 9/15/02..........	5,231,900
15,000	9.625%, 5/15/12..........	17,245,800
	Columbia Gas System, Inc.,*/**	
2,500	10.25%, 5/1/99...........	2,921,875
1,031	10.25%, 8/1/11...........	1,257,810
1,000	10.50%, 6/1/12...........	1,200,000
8,180	10.15%, 11/1/13..........	9,816,000
	Oryx Energy Co.,	
2,000	9.50%, 11/1/99...........	2,153,120
1,000	7.50%, 5/15/14...........	965,000
	Transcontinental Gas Pipe Line,	
11,000	8.875%, 9/15/02..........	11,591,140
	Williams Cos., Inc.,	
$ 15,000	8.875%, 9/15/12..........	$ 16,925,100
		121,638,245
	Total bonds (cost $191,604,930).....	207,769,615
	Total long-term investments (cost $3,710,784,493)...	4,492,964,475
	SHORT-TERM INVESTMENTS--12.5%	
	BONDS--7.1%	
	First Union National Bank of North Carolina,	
105,569	3.00%, 1/3/94............	105,569,000
	Republic National Bank,	
254,000	3.188%, 1/3/94...........	254,000,000
	Total bonds (cost $359,569,000)....	359,569,000
	REPURCHASE AGREEMENT--5.4%	
	Joint Repurchase Agreement Account,	
274,219	3.153%, 1/3/94 (cost $274,219,000; Note 5)......................	274,219,000
	Total short-term investments (cost $633,788,000).....	633,788,000
	TOTAL INVESTMENTS--100.7% (cost $4,344,572,493; Note 4).................	5,126,752,475
	Liabilities in excess of other assets--(0.7%)..........	(34,512,175)
	NET ASSETS--100%..........	$5,092,240,300

----
*Non-income producing securities.

**Issuer in bankruptcy.

ADR--American Depository Receipt.

See Notes to Financial Statements.

PRUDENTIAL UTILITY FUND
STATEMENT OF ASSETS AND LIABILITIES

ASSETS	DECEMBER 31, 1993
Investments, at value (cost $4,344,572,493)	$5,126,752,475
Dividends and interest receivable	17,346,113
Receivable for Fund shares sold	7,348,316
Deferred expenses and other assets	97,358
Total assets	5,151,544,262
LIABILITIES	
Payable for investments purchased	42,257,025
Payable for Fund shares reacquired	9,277,411
Distribution fee payable	4,055,409
Accrued expenses and other liabilities	2,035,501
Management fee payable	1,678,616
Total liabilities	59,303,962
NET ASSETS	$5,092,240,300
Net assets were comprised of:	
Common stock, at par	$ 5,255,245
Paid-in capital in excess of par	3,865,379,704
	3,870,634,949
Undistributed net investment income	415,726,618
Accumulated net realized gain on investments	23,384,058
Net unrealized appreciation on investments and foreign currencies	782,494,675
Net assets, December 31, 1993	$5,092,240,300
Class A:	
Net asset value and redemption price per share ($336,635,764 / 34,645,133 shares of common stock issued and outstanding)	$9.72
Maximum sales charge (5.25% of offering price)	.54
Maximum offering price to public	$10.26
Class B:	
Net asset value, offering price and redemption price per share ($4,755,604,536 / 490,879,345 of common stock issued and outstanding)	$9.69

See Notes to Financial Statements.

PRUDENTIAL UTILITY FUND
STATEMENT OF OPERATIONS

NET INVESTMENT INCOME	YEAR ENDED DECEMBER 31, 1993
Income	
Dividends (net of foreign withholding taxes of $2,647,319)	$139,439,683
Interest (net of foreign withholding taxes of $10,875)	42,346,733
Total income	181,786,416
Expenses	
Distribution fee--Class A	573,660
Distribution fee--Class B	43,080,963
Management fee	18,383,363
Transfer agent's fees and expenses	6,400,000
Reports to shareholders	1,180,000
Custodian's fees and expenses	660,000
Registration fees	505,000
Insurance	114,000
Legal fees	81,000
Audit fee	62,000

Directors' fees	54,000
Miscellaneous	34,354
Total expenses	71,128,340
Net investment income	110,658,076
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS	
Net realized gain (loss) on:	
Security transactions	216,838,459
Foreign currency transactions	(937,074)
	215,901,385
Net change in unrealized appreciation on:	
Securities	257,223,087
Foreign currencies	540,467
	257,763,554
Net gain on investments and foreign currencies	473,664,939
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$584,323,015

See Notes to Financial Statements.

PRUDENTIAL UTILITY FUND
STATEMENT OF CHANGES IN NET ASSETS

INCREASE (DECREASE) IN NET ASSETS	YEAR ENDED DECEMBER 31, 1993	1992
Operations		
Net investment income	$ 110,658,076	$ 107,121,511
Net realized gain on investment and foreign currency transactions	215,901,385	89,434,724
Net change in unrealized appreciation of investments and foreign currencies	257,763,554	92,759,598
Net increase in net assets resulting from operations	584,323,015	289,315,833
Net equalization credits	95,670,312	53,394,394
Dividends and distributions (Note 1)		
Dividends from net investment income		
Class A	(8,808,902)	(6,100,105)
Class B	(99,427,992)	(101,021,406)
	(108,236,894)	(107,121,511)
Distributions from net realized gains		
Class A	(13,264,520)	(4,685,002)
Class B	(189,046,028)	(83,068,066)
	(202,310,548)	(87,753,068)
Fund share transactions (Note 6)		
Net proceeds from shares subscribed	1,512,896,198	844,256,938
Net asset value of shares issued to shareholders in reinvestment of dividends and distributions	260,462,818	162,399,270
Cost of shares reacquired	(689,440,495)	(444,645,324)
Net increase in net assets from Fund share transactions	1,083,918,521	562,010,884
Total increase	1,453,364,406	709,846,532
NET ASSETS		
Beginning of year	3,638,875,894	2,929,029,362
End of year	$5,092,240,300	$3,638,875,894

See Notes to Financial Statements.

PRUDENTIAL UTILITY FUND
Notes to Financial Statements

Prudential-Bache Utility Fund, Inc., doing business as Prudential Utility Fund (the "Fund"), is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. Its investment objective is to seek high current income and moderate capital appreciation through investment in equity and debt securities of utility companies, principally electric, gas and telephone companies. The ability of issuers of certain debt securities held by the Fund to meet their obligations may be affected by economic developments in a specific industry or region.

NOTE 1. ACCOUNTING POLICIES

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

SECURITIES VALUATION: Investments traded on a national securities exchange 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 sale was reported on that date are valued at the mean between the last reported bid and asked prices. Short-term securities which mature in more than 60 days are valued based on current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost.

In connection with repurchase agreements with U.S. financial institutions, it is the Fund's policy that its custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

All securities are valued as of 4:15 P.M., New York time.

FOREIGN CURRENCY TRANSLATION: The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis:

(i) market value of investment securities, other assets and liabilities--at the closing daily rate of exchange;

(ii) purchases and sales of investment securities, income and expenses--at the rate of exchange prevailing on the respective dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the year, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities held at the end of the year. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of portfolio securities sold during the year.

Net realized losses on foreign currency transactions of $937,074 represents net foreign exchange losses from sales and maturities of short-term securities, disposition of foreign currency, gains or losses realized between the trade and settlement dates on security transactions, and the difference between amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the US dollar equivalent amounts actually received or paid. Net currency gains and losses from valuing foreign currency denominated assets, except portfolio securities, and liabilities at year end exchange rates are reflected as a component of unrealized appreciation on foreign currencies.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among other factors, the possibility of political and economic instability and the level of governmental supervision and regulation of foreign securities markets.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME: Securities transactions are recorded on the trade date. Realized gains and losses on sales of investments and currencies are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date; interest income is recorded on the accrual basis. The Fund amortizes discounts on purchases of portfolio securities as adjustments to interest income.

Net investment income (other than distribution fees) and unrealized and realized gains or losses are allocated daily to each class of shares based upon the relative proportion of net assets of each class at the beginning of the day.

DIVIDENDS AND DISTRIBUTIONS: Dividends from net investment income are declared and paid quarterly. The Fund will distribute at least annually any net capital gains in excess of loss carryforwards. 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.

EQUALIZATION: The Fund follows the accounting practice known as equalization by which a portion of the proceeds from sales and costs of reacquisitions of shares of common stock, equivalent on a per share basis to the amount of undistributed 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.

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 rules and rates.

RECLASSIFICATION OF CAPITAL ACCOUNTS: Effective January 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 disclose better 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 in excess of par by $18,691,112, decrease undistributed net investment income by $4,507,069 and decrease accumulated net realized gain on investments by $14,184,043 compared to amounts previously reported through December 31, 1992. For the year ended December 31, 1993, the Fund reclassified $1,704,541 of net foreign currency losses to undistributed net investment income from accumulated net realized gains on investments. Net investment income, net realized gains and net assets were not affected by this change.

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. Pursuant to a subadvisory agreement between PMF and The Prudential Investment Corporation ("PIC"), PIC furnishes investment advisory services in connection with the management of the Fund. PMF pays for the cost of the subadviser's services, the cost of compensation of officers of the Fund, occupancy and certain clerical and bookkeeping costs of the Fund. The Fund bears all other costs and expenses. Prior to October 1, 1993, the management fee paid PMF was computed daily and payable monthly at an annual rate of .60% of the Fund's average daily net assets up to $250 million, .50% of the next $500 million, .45% of the next $750 million, .40% of the next $500 million and .35% of the average daily net assets of the Fund in excess of $2 billion. Effective October 1, 1993, the management fee was reduced so that it is computed as follows: .60% of the Fund's average daily net assets up to $250 million, .50% of the next $500 million, .45% of the next $750 million, .40% of the next $500 million, .35% of the next $2 billion, .325% of the next $2 billion and .30% of the average daily net assets of the Fund in excess of $6 billion.

The Fund has distribution agreements with Prudential Mutual Fund Distributors, Inc. ("PMFD"), which acts as the distributor of the Class A shares of the Fund, and Prudential Securities Incorporated ("PSI"), which 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 year ended December 31, 1993. PMFD pays various broker-dealers including PSI and Pruco Securities Corporation ("Prusec"), affiliated broker-dealers, 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 payments 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 $5,755,000 in front-end sales charges resulting from sales of Class A shares during the year ended December 31, 1993. From these fees, PMFD paid such sales charges to dealers (PSI and 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 December 31, 1993, it received approximately $4,330,000 in contingent deferred sales charges imposed upon redemptions by certain shareholders. PSI, as distributor, has also advised the Fund that at December 31, 1993, the amount of distribution expenses incurred by PSI and not yet reimbursed by the Fund or recovered through contingent deferred sales charges approximated $43,949,000. 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 under the Class B Plan or recovered through contingent deferred sales charges.

PMFD is a wholly-owned subsidiary of PMF; PSI, PMF and PIC 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. During the year ended December 31, 1993, the Fund incurred fees of approximately $4,920,800 for the services of PMFS. As of December 31, 1993, approximately $454,100 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 December 31, 1993, PSI earned approximately $366,600 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 December 31, 1993, were $1,567,887,079 and $983,069,399, respectively.

The federal income tax basis of the Fund's investments at December 31, 1993 was $4,345,786,537 and, accordingly, net unrealized appreciation for federal income tax purposes was $780,965,938 (gross unrealized appreciation--$846,478,073; gross unrealized depreciation-- $65,512,135).

NOTE 5. JOINT REPURCHASE AGREEMENT ACCOUNT

The Fund, along with other affiliated registered investment companies, transfers uninvested cash balances into a single joint account, the daily aggregate balance of which is invested in one or more repurchase agreements collateralized by U.S. Treasury or federal agency obligations.

As of December 31, 1993, the Fund had a 22.9% undivided interest in the repurchase agreements in the joint account. The undivided interest for the Fund represented $274,219,000 in principal amount. As of such date, each repurchase agreement in the joint account and the collateral therefor was as follows:

Barclays de Zoete Wedd, Inc., 3.10%, in the principal amount of $100,000,000, repurchase price $100,025,833, due 1/3/94; collateralized by $32,000,000 U.S. Treasury Notes, 7.50%, due 11/15/01; $7,305,000 U.S. Treasury Notes, 8.50%, due 2/15/00 and $49,000,000 U.S. Treasury Notes, 8.875%, due 11/15/98; approximate aggregate value including accrued interest--$102,043,014.

Bear, Stearns & Co., 3.18%, in the principal amount of $323,000,000, repurchase price $323,085,595, due 1/3/94; collateralized by $200,000,000 U.S. Treasury Notes, 3.875%, due 3/31/95; $5,745,000 U.S. Treasury Notes, 4.25%, due

7/31/95; $85,000 U.S. Treasury Notes, 7.375%, due 5/15/96; $30,000,000 U.S. Treasury Notes, 5.625%, due 1/31/98 and $80,030,000 U.S. Treasury Notes, 7.50%, due 11/15/01; approximate aggregate value including accrued interest--$329,564,341.

Goldman, Sachs & Co., 3.10%, in the principal amount of $399,000,000, repurchase price $399,103,075, due 1/3/94; collateralized by $363,720,000 U.S. Treasury Bonds, 7.50%, due 11/15/16, approximate value including accrued interest--$408,104,889.

Kidder, Peabody & Co. Inc., 3.20%, in the principal amount of $375,000,000, repurchase price $375,100,000, due 1/3/94; collateralized by $200,000,000 U.S. Treasury Bonds, 11.625%, due 11/15/04; $38,000,000 U.S. Treasury Bonds, 12.75%, due 11/15/10; $11,730,000 U.S. Treasury Notes, 7.25%, due 11/15/96; $90,000 U.S. Treasury Bonds, 9.00%, due 2/15/94 and $15,000,000 U.S. Treasury Notes, 7.375%, due 5/15/96; approximate aggregate value including accrued interest--$382,608,562.

NOTE 6. CAPITAL

The Fund offers both Class A and Class B shares. 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.

The Board of Directors approved an amendment to the Fund's Articles of Incorporation increasing the number of authorized shares to 2 billion at $.01 par value per share.

Transactions in shares of common stock for the years ended December 31, 1993 and 1992 were as follows:

Class A	SHARES	AMOUNT
Year ended December 31, 1993:		
Shares sold	14,181,284	$ 187,214,286
Shares issued in reinvestment of dividends and distributions	1,885,228	20,510,338
Shares issued as a result of 2 for 1 stock split	14,410,831	--
Shares reacquired	(7,054,589)	(86,988,577)
Net increase in shares outstanding	23,422,754	$ 120,736,047
Year ended December 31, 1992:		
Shares sold	8,200,371	$ 144,749,564
Shares issued in reinvestment of dividends and distributions	570,475	10,033,103
Shares reacquired	(3,903,500)	(69,439,087)
Net increase in shares outstanding	4,867,346	$ 85,343,580

Class B	SHARES	AMOUNT
Year ended December 31, 1993:		
Shares sold	111,930,241	$1,325,681,912
Shares issued in reinvestment of dividends and distributions	24,343,642	239,952,480
Shares issued as a result of 2 for 1 stock split	216,583,756	--
Shares reacquired	(53,929,305)	(602,451,918)
Net increase in shares outstanding	298,928,334	$ 963,182,474
Year ended December 31, 1992:		
Shares sold	44,195,557	$ 699,507,374

Shares issued in reinvestment of dividends and distributions	9,463,606	152,366,167
Shares reacquired	(23,484,866)	(375,206,237)
Net increase in shares outstanding	30,174,297	$ 476,667,304

NOTE 7. CONTINGENCY

On October 12, 1993 a lawsuit was instituted against the Fund, PMF, PIC, PSI and certain current and former directors of the Fund. The suit was brought by plaintiffs both derivatively on behalf of the Fund and purportedly on behalf of the class of shareholders who purchased their shares prior to 1985. The plaintiffs seek damages on behalf of the Fund in an unspecified amount for alleged excessive management and distribution fees. The complaint also challenges the Alternative Purchase Plan that was implemented in January 1990 pursuant to a shareholder vote and that provided for the creation of two classes of Fund shares. The plaintiffs, on behalf of the purported class seek damages and equitable relief against the Fund and the named directors to change the classification of the shares of the class and to compel a further vote on such plan. Although the outcome of this litigation cannot be predicted at this time, the defendants believe they have meritorious defenses to the claims asserted in the complaint and intend to defend this action vigorously. In any case, Management does not believe that the outcome of this action is likely to have a material adverse effect on the Fund's

PRUDENTIAL UTILITY FUND
Financial Highlights

<TABLE>
<CAPTION>

	CLASS A				CLASS B				
	YEARS ENDED DECEMBER 31,			JANUARY 22, 1990++ THROUGH DECEMBER 31,	YEARS ENDED DECEMBER 31,				
	1993	1992	1991	1990	1993	1992	1991	1990	1989**
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE*:									
Net asset value, beginning of period....	$ 8.97	$ 8.72	$ 7.63	$ 8.78	$ 8.96	$ 8.71	$ 7.63	$ 9.17	$ 7.31
INCOME FROM INVESTMENT OPERATIONS:									
Net investment income....	.33	.38	.39	.36	.24	.31	.32	.31	.36
Net realized and unrealized gains (losses) on investment and foreign currency transactions...........	1.12	.45	1.10	(.51)	1.12	.46	1.10	(.91)	2.30
Total from investment operations..........	1.45	.83	1.49	(.15)	1.36	.77	1.42	(.60)	2.66
LESS DISTRIBUTIONS:									
Dividends from net investment income......	(.29)	(.34)	(.39)	(.40)	(.22)	(.28)	(.33)	(.34)	(.36)
Distributions from net realized gains.........	(.41)	(.24)	(.01)	(.60)	(.41)	(.24)	(.01)	(.60)	(.44)
Total distributions.......	(.70)	(.58)	(.40)	(1.00)	(.63)	(.52)	(.34)	(.94)	(.80)
Net asset value, end of period.................	$ 9.72	$ 8.97	$ 8.72	$ 7.63	$ 9.69	$ 8.96	$ 8.71	$ 7.63	$ 9.17
TOTAL RETURN#............	16.28%	9.88%	19.95%	(1.53)%	15.27%	9.02%	19.01%	(6.48)%	37.17%
RATIOS/SUPPLEMENTAL DATA:									
Net assets, end of period (000,000).............	$337	$201	$111	$73	$4,756	$3,438	$2,818	$2,395	$2,306
Average net assets									

(000,000).............	$287	$149	$85	$51	$4,308	$3,027	$2,529	$2,315	$2,037
Ratios to average net assets:									
Expenses, including distribution fees.....	.80%	.81%	.87%	.97%+	1.60%	1.61%	1.67%	1.73%	1.46%
Expenses, excluding distribution fees.....	.60%	.61%	.67%	.77%+	.60%	.61%	.67%	.74%	.73%
Net investment income................	3.16%	4.14%	4.69%	4.78%+	2.36%	3.34%	3.89%	3.94%	4.19%
Portfolio turnover rate...................	24%	24%	38%	53%	24%	24%	38%	53%	75%

<FN>
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* Restated to reflect 2 for 1 stock split paid July 6, 1993 to shareholders of record July 2, 1993.

** Based on average month-end shares outstanding.

+ Annualized.

++ 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 return for periods of less than one full year are not annualized.

</FN>
</TABLE>

See Notes to Financial Statements.

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R E P O R T O F I N D E P E N D E N T A C C O U N T A N T S

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To Board of Directors and Shareholders of
Prudential Utility Fund

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 Utility Fund (the "Fund") at December 31, 1993, 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 December 31, 1993 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse
PRICE WATERHOUSE

1177 Avenue of the Americas
New York, New York
February 8, 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:

Portfolio of Investments at December 31, 1993.

Statement of Assets and Liabilities at December 31, 1993.

Statement of Operations for the Year Ended December 31, 1993.

Statement of Changes in Net Assets for the Years Ended December 31, 1993 and 1992.

Notes to Financial Statements.

Financial Highlights for the Five Years Ended December 31, 1993.

Report of Independent Accountants.

(B) EXHIBITS:

1. (a) Articles of Incorporation of the Registrant, as amended, incorporated by reference to Exhibit 1 to the Registration Statement on Form N-1A (File No. 2-72097) filed on May 1, 1981. (b) Amendment to Articles of Incorporation, incorporated by reference to Exhibit 1(b) to Post-Effective Amendment No. 12 to the Registration Statement on Form N-1A (File No. 2-72097) filed on November 3, 1989.

2. (a) By-Laws of the Registrant, as amended, incorporated by reference to Exhibit 2 to Post-Effective Amendment No. 10 to the Registration Statement on Form N-1A (File No. 2-72097) filed on March 1, 1988.

(b) Amendment to By-Laws, incorporated by reference to Exhibit 2(b) to Post-Effective Amendment No. 13 to the Registration Statement on Form N-1A (File No. 2-72097) filed on December 28, 1989.

4. (a) Specimen Stock Certificate issued by the Registrant, incorporated by reference to Exhibit 4 to Post-Effective Amendment No. 10 to the Registration Statement on Form N-1A (File No. 2-72097) filed on March 1, 1988.

(b) Specimen Stock Certificate for Class A shares, incorporated by reference to Exhibit 4(b) to Post-Effective Amendment No. 14 to the Registration Statement on Form N-1A (File No. 2-72097) filed on April 30, 1990.

(c) Instruments defining rights of shareholders.*

5. (a) Amended and Restated Management Agreement between the Registrant and Prudential Mutual Fund Management, Inc., incorporated by reference to Exhibit 5(a) to Post-Effective Amendment No. 14 to the Registration Statement on Form N-1A (File No. 2-72097) filed on April 30, 1990.

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(d) Amended and restated Distribution Agreement between the Registrant and Prudential Securities Inc. for Class B shares.*

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(b) Amended and restated Distribution and Service Plan for Class B shares.*

16. (a) Calculation of Performance Information for Class B shares, incorporated by reference to Exhibit 16 to Post-Effective Amendment No. 10 to the Registration Statement on Form N-1A (File No. 2-72097) filed on March 1, 1988.

(b) Schedule of Computation of Performance Quotations relating to Average Annual Total Return for Class A shares, incorporated by reference to Exhibit 16(b) to Post-Effective Amendment No. 15 to the Registration Statement on Form N-1A (File No. 2-72097) filed on April 30, 1991.

(c) Schedule of Computation of Performance Quotations relating to Aggregate Total Return for Class A and ClassB shares, incorporated by reference to Exhibit 16(c) to Post-Effective Amendment No. 17 to the Registration Statement on Form N-1A (File No. 2-72097) filed on February 25, 1993.

Other Exhibits
Power of Attorney for:

Lawrence C. McQuade**
Robert R. Fortune**
Delayne D. Gold**
Harry A. Jacobs, Jr.**
Thomas A. Owens, Jr.**
Robert J. Schultz**
Merle T. Welshans**

- -------------
*Filed herewith.

**Incorporated by reference to Post-Effective Amendment No. 12 to Registration Statement on Form N-1A (File No. 2-72097) filed on November 3, 1989.

ITEM 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT.

None.

ITEM 26. NUMBER OF HOLDERS OF SECURITIES.

As of February 11, 1994 there were 51,209 and 546,676 record holders of Class A and Class B common stock, $.01 par value per share, of the Registrant, respectively.

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 each Distribution Agreement (Exhibits 6(c) and (d) to the Registration Statement), each 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 The Prudential Investment Corporation (PIC), 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 each 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 remain in effect and are consistently applied.

ITEM 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

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 on November 13, 1987).

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
Maureen Behning-Doyle	Executive Vice President	Executive Vice President, PMF; Senior Vice President, Prudential Securities Incorporated (Prudential Securities)
John D. Brookmeyer, Jr. Two Gateway Center Newark, NJ 07102	Director	Senior Vice President, PIC; Senior Vice President The Prudential Insurance Company of America (Prudential)
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 Secretary	Executive Vice President, General Counsel and Secretary, PMF; Executive Vice President, Prudential Securities
Robert F. Gunia	Executive Vice President, Chief Administrative Officer, Chief Financial Officer, Treasurer and Director	Executive Vice President, Chief Administrative Officer, Chief Financial Officer, Treasurer and Director, PMF; Senior Vice President, Prudential Securities
Eugene B. Heimberg Prudential Plaza Newark, NJ 07101	Director	Senior Vice President, Prudential
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	Director	Senior Vice President, Prudential; Director, PSG

(b) Prudential Investment Corporation (PIC)

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

</TABLE>

The business and other connections of PIC's directors and executive officers are as set forth below. Except as otherwise indicated, the address of each person is Prudential Plaza, Newark, NJ 07101.

<TABLE>
<CAPTION>

NAME AND ADDRESS	POSITION WITH PMF	PRINCIPAL OCCUPATIONS
<S>	<C>	<C>
Martin A. Berkowitz	Senior Vice President, Chief Financial and Compliance Officer	Senior Vice President, Chief Financial and Compliance Officer, PIC; Vice President, Prudential
William M. Bethke Two Gateway Center Newark, NJ 07102	Senior Vice President	Senior Vice President, Prudential
John D. Brookmeyer, Jr. Two Gateway Center Newark, NJ 07102	Senior Vice President	Senior Vice President, Prudential; Senior Vice President, PIC
Eugene B. Heimberg	Senior Vice President and Director	Senior Vice President, Prudential
Garnett L. Keith, Jr.	President and Director	Vice Chairman and Director, Prudential
William P. Link Four Gateway Center Newark, NJ 07102	Executive Vice President	Executive Vice President, Prudential
Robert E. Riley 500 Boyleston Ave. Boston, MA 02199	Executive Vice President	Executive Vice President, Prudential; Director, PSG
James W. Stevens Four Gateway Center Newark, NJ 07102	Executive Vice President	Executive Vice President, Prudential; Director, PSG
Robert C. Winters	Director	Chairman of the Board and Chief Executive Officer, Prudential; Chairman of the Board and Director, PSG
Claude J. Zinngrabe, Jr.	Vice President	Vice President, Prudential

</TABLE>

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 and California Income 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-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 (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. and Nicholas-Applegate Fund, Inc. (Nicholas-Applegate Growth Equity Fund) and the Target Portfolio 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 Trust
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
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	None

(ii) Prudential Mutual Fund Distributors, Inc.

Joanne Accurso-Soto	Vice President	None
Dennis Annarumma	Vice President, Assistant Treasurer and Assistant Comptroller	None

</TABLE>

<TABLE>
<CAPTION>

NAME^(1)	POSITIONS AND OFFICES WITH UNDERWRITER	POSITIONS AND OFFICES WITH REGISTRANT
<S>	<C>	<C>
Phyllis J. Berman	Vice President	None
Fred A. Fiandaca .... Raritan Plaza One Edison, NJ 08847	President, Chief Executive Officer and Director	None
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 Whelan	Vice President and Assistant Secretary	None

<FN>

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^(1) The address of each person named is One Seaport Plaza, New York, NY 10292 unless otherwise indicated.
</FN>
</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, One Heritage Drive, North Quincy, Massachusetts 02171, The Prudential Investment Corporation, Prudential Plaza, 751 Broad Street, Newark, New Jersey and Two Gateway Center, 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 751 Broad Street, 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 undertaken 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 certifies that it meets all of the requirements for effectiveness of this Registration Statement and 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 2nd day of March, 1994.

PRUDENTIAL UTILITY FUND

By: /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/ Susan C. Cote Susan C. Cote	Treasurer	March 2, 1994
/s/ Richard A. Redeker Richard A. Redeker	Director	March 2, 1994
/s/ Robert R. Fortune Robert R. Fortune	Director	March 2, 1994
/s/ Delayne D. Gold Delayne D. Gold	Director	March 2, 1994
/s/ Harry A. Jacobs, Jr. Harry A. Jacobs, Jr.	Director	March 2, 1994
/s/ Lawrence C. McQuade Lawrence C. McQuade	President and Director	March 2, 1994
/s/ Thomas A. Owens, Jr. Thomas A. Owens, Jr.	Director	March 2, 1994
/s/ Robert J.Schultz Robert J.Schultz	Director	March 2, 1994
/s/ Merle T. Welshans Merle T. Welshans	Director	March 2, 1994

EXHIBIT INDEX

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Other Exhibits
Power of Attorney for:

Lawrence C. McQuade**
Robert R. Fortune**
Delayne D. Gold**
Harry A. Jacobs, Jr.**
Thomas A. Owens, Jr.**
Robert J. Schultz**
Merle T. Welshans**

- ------------
* Filed herewith.
** Incorporated by reference to Post-Effective Amendment No. 12 to Registration Statement on Form N-1A (File No. 2-72097) filed on November 3, 1989.

Exhibits 4(c)

INSTRUMENTS DEFINING RIGHTS OF SHAREHOLDERS

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

I. Relevant Provisions of Articles of Incorporation:

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

II. Relevant Provisions of By-Laws:

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

Exhibit 6(c)

PRUDENTIAL-BACHE UTILITY FUND, INC.
Amended and Restated
Distribution Agreement
(Class A Shares)

Agreement, dated as of January 22, 1990 and amended and restated as of July 1, 1993, between Prudential-Bache Utility 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 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 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 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: ________________________
Robert F. Gunia
Executive Vice President

Prudential-Bache Utility
Fund, Inc.

By: _______________________
Lawrence C. McQuade
President

Exhibit 6(d)

PRUDENTIAL-BACHE UTILITY FUND, INC.
Amended and Restated
Distribution Agreement
(Class B Shares)

Agreement, dated as of July 15, 1981, as amended on May 17, 1985, as amended and restated as of January 22, 1990, and amended and restated as of July 1, 1993, between Prudential-Bache Utility 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 the annual distribution and service fee of 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: ________________________
Robert F. Gunia
Senior Vice President

Prudential-Bache Utility
Fund, Inc.

By: ________________________
Lawrence C. McQuade
President

Exhibit 11

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Statement of Additional Information constituting part of this Post-Effective Amendment No. 18 to the registration statement of Form N-1A (the "Registration Statement") of our report dated February 8, 1994, relating to the financial statements and financial highlights of Prudential Utility Fund, 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 and 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.

/s/ Price Waterhouse
PRICE WATERHOUSE

1177 Avenue of the Americas
New York, NY 10036
February 24, 1994

Exhibit 15(a)

PRUDENTIAL-BACHE UTILITY FUND, INC.
Amended and Restated
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-Bache Utility 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 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 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 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 or Trustees 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 of 1% 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 or Trustees may determine.

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 or Trustees. The allocation of distribution expenses among Classes will be subject to the review of the Board of Directors or Trustees. Payments hereunder will be applied to distribution expenses in the order in which they are incurred, unless otherwise determined by the Board of Directors or Trustees.

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;

(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 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 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 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. Non-interested Directors or Trustees

While the Plan is in effect, the selection and nomination of the Directors or Trustees who are not "interested persons" of the Fund (non-interested Directors or Trustees) shall be committed to the discretion of the non-interested 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.

Dated January 22, 1990 and
amended and restated as of July 1, 1993.

Exhibit 15(b)

PRUDENTIAL-BACHE UTILITY FUND, INC.
Amended and Restated
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-Bache Utility 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 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 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, 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 or Trustees 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, together with the service fee (described in Section 2 hereof), 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 or Trustees 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 or Trustees 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 or Trustees. The allocation of distribution expenses among Classes will be subject to the review of the Board of Directors or Trustees. Payments hereunder will be applied to distribution expenses in the order in which they are incurred, unless otherwise determined by the Board of Directors or Trustees.

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 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 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 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. Non-interested Directors or Trustees

While the Plan is in effect, the selection and nomination of the Directors or Trustees who are not "interested persons" of the Fund (non-interested Directors or Trustees) shall be committed to the discretion of the non-interested 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.

Dated January 22, 1990 and
amended and restated as of July 1, 1993