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immediately after the 15<sup>th</sup> day after the date we issue a Policy. However, we will make the transfer as of a later date if your right to cancel period is longer than 10 days to meet state law requirements.

**What happens if I change my mind about buying a Policy?** After the Policy is issued, you have a "free-look" or "right to cancel" period during which you can change your mind and decide that you do not want the Policy, which you may return to us within a certain period of time. The right to cancel period is never less than 10 days from the date you receive your Policy. It may be longer depending on the applicable state law and the circumstances of your purchase. If you return your Policy to us within the right to cancel period, we generally will return the greater of the Premium paid or your Account Value plus any charges deducted from your Account Value. However, if you have submitted a "return waiver," we will return only your Account Value plus any charges deducted from your Account Value. This may be more or less than the Premium paid.

**Do I have any other rights if I buy a Policy?** There are certain other ownership rights you may exercise under a Policy. You may name one or more Beneficiaries. We assume all designations, other than the Insured, are revocable unless you tell us otherwise. You may make that designation "irrevocable," which means it cannot be changed. If you do not designate the Beneficiary as irrevocable, you retain the right to change the Beneficiary before the Insured dies. However, all Beneficiary designations are subject to our acceptance, to the extent permitted by law. You also may transfer, pledge or assign your Policy, which may trigger a currently taxable event. You should only transfer, pledge or assign your Policy after consulting with a competent tax advisor. You may exercise voting rights in relation to the applicable Portfolios. Some of these rights may be limited depending on the usage of your Policy, especially if we permit it to be held in connection with certain retirement plans designed to be "qualified" plans under the Code.

We assume the Insured(s) is/are the Owner(s) unless you tell us otherwise. If you name more than one Owner, all rights reserved to Owners are then held as joint tenants with rights of survivorship unless you provide alternative instructions. Naming someone to be the Owner other than the payor of the Premium may have gift, estate or other tax implications. We assume the Beneficiary is you or your estate unless you tell us otherwise. You may name more than one primary and more than one contingent Beneficiary.

You should consult with a competent tax advisor on the income tax, estate and inheritance tax implications of various designations. You should also consult with a competent legal advisor as to the implications of certain designations in relation to an estate, bankruptcy and community property, where applicable, as well as other matters.

### **What is Lapse and Reinstatement of the Policy?**

**Lapse:** A Policy may lapse if there is insufficient Cash Value to deduct Policy charges. We will inform you if, on a Monthly Processing Date, your Cash Value is equal to or is less than zero.

If the Cash Value is zero or less, we will send you a notice giving you a 61-day "grace period" to send us an amount if you wish to reestablish any Cash Value. The 61-day grace period begins on the Monthly Processing Date when the Policy charges can no longer be deducted from the Cash Value.

If the Policy has no Debt, no payment is required. The Policy remains in force with the Death Benefit equal to the Guaranteed Minimum Death Benefit as of the beginning of the grace period.

If there is Debt, the requested payment must be made to continue the Policy. The payment will first be applied to reduce the Debt and then will be applied to the Account Value. If the required payment is not received by the end of the grace period, the Policy will terminate without value.

**Death During the Grace Period:** We deduct the unpaid charges from the Death Benefit when calculating the Death Proceeds, if the Insured dies during a grace period.

**Reinstatement:** You may apply for reinstatement of the Policy if it lapses. We must receive your application In Writing at our Office within five years of the date the lapse occurred as measured from the end of the grace period. We may require evidence of insurability satisfactory to us. In order to reinstate your Policy, you also must pay us a required reinstatement amount, including any applicable charges.

## DEATH BENEFIT

**What is the Death Benefit?** The Death Benefit is the higher of the **Required Death Benefit** and the **Guaranteed Minimum Death Benefit**, each as of the date we receive all our requirements for paying a death claim.

**How is the Death Benefit determined?** The benefits due as a result of the Insured's death are the Death Proceeds. If there are two Insureds, the benefits become due as a result of the death of the last surviving Insured. The Death Proceeds are based on the Death Benefit as of the date we receive all our requirements for paying a death claim and are satisfied that the death claim can be paid. These requirements include, but are not limited to, receipt of a valid death certificate and information we need to make payments to all Beneficiaries. We determine the Death Proceeds by first subtracting any Debt from the Death Benefit. We then add any interest amount required by law.

**What is the Required Death Benefit?** The Required Death Benefit is not less than the minimum amount payable upon the Insured's death, before reduction for any Debt, for the Policy to qualify as life insurance under the Code. We determine the Required Death Benefit by multiplying the Account Value by factors that are determined as of the Policy Date. These factors vary by the attained Age, gender (where permitted), tobacco usage and risk class of each Insured and the applicable Policy Year. The factors we use to determine the Required Death Benefit may be higher than required under the Code, resulting in the Required Death Benefit being greater than the minimum required under the Code. Different factors apply for Policies issued with two Insureds than for those issued with one Insured. **Please see Appendix A in the Statement of Additional Information for examples of how we determine the Required Death Benefit.**

**What is the Guaranteed Minimum Death Benefit?** We use the Guaranteed Minimum Death Benefit to determine the Death Proceeds if the Guaranteed Minimum Death Benefit as noted above is higher than the Required Death Benefit. The Guaranteed Minimum Death Benefit is the minimum amount payable upon the Insured's death, before reduction for any Debt.

- On the Policy Date: the Guaranteed Minimum Death Benefit equals the Premium.
- After the Policy Date and until the first Policy Anniversary: the Guaranteed Minimum Death Benefit is the Premium less every "reduction due to a withdrawal," which is defined below.
- After the first Policy Anniversary but before the "target date": the Guaranteed Minimum Death Benefit is the higher of the Premium less every "reduction due to a withdrawal" and the highest "Anniversary Value." "Target date" is the Policy Anniversary when the Insured is Age 75. "Anniversary Value" is the Account Value on any Policy Anniversary less every reduction due to a withdrawal since that Policy Anniversary.
- On or after the "target date": the Guaranteed Minimum Death Benefit is the higher of the Premium less every "reduction due to a withdrawal" and the highest Anniversary Value, as defined above, as of the "target date," less every "reduction due to a withdrawal" after the "target date."
- Insured is Age 75 or older on the Policy Date: the Guaranteed Minimum Death Benefit is the Premium less every "reduction due to a withdrawal."
- Policy is issued for two (2) Insureds: the Guaranteed Minimum Death Benefit is based on the age of the younger Insured, or what would have been the age of the younger Insured if the younger Insured predeceases the older Insured.

A "reduction due to a withdrawal" is a proportional reduction. It equals the ratio by which the Account Value is reduced by a partial withdrawal or a payment under the Accelerated Death Benefit provision, described below in the section of the same name, multiplied by the Guaranteed Minimum Death Benefit as of the effective date of such partial withdrawal or payment. For example, if the Guaranteed Minimum Death Benefit before a partial withdrawal is \$100,000 and the Account Value is \$120,000, the Guaranteed Minimum Death Benefit after a \$60,000 partial withdrawal (a 50% reduction in the Account Value) would be \$50,000 (a 50% reduction in the Guaranteed Minimum Death Benefit).

**What is the Face Amount?** The Face Amount is the Required Death Benefit only on the Policy Date. If you are seeking a specific Face Amount, the Premium will depend on the Insured's age, tobacco usage class, risk class and gender, where permitted. We will determine the Face Amount using the Premium as the Net Single Premium for the Insured's age, tobacco usage class, risk class and gender, where permitted.

**How are Death Proceeds paid and to whom are they paid?** We pay the Death Proceeds as a lump sum or in accordance with the terms of whatever settlement options we then make available to Beneficiaries. Generally, Beneficiaries can choose a lump sum or one of the settlement options we make available. However, you may choose the method of payment for your Beneficiaries if you notify us In Writing before the Insured's death as to how you want the Death Proceeds paid.

## **ACCELERATED DEATH BENEFIT**

**What is an accelerated death benefit?** An accelerated death benefit is pre-payment to the Owner of a portion of the Death Proceeds. The maximum we will pay, before any reductions, is 50% of the Required Death Benefit or \$250,000, whichever is less. The actual amount to be paid is reduced by a 12-month interest rate discount (currently 6.0%) and a pro-rata portion of any Debt. We reserve the right to change the interest rate discount percentage.

**How do I qualify for an Accelerated Death Benefit?** We will only make such a payment once, where allowed by law, based on the Owner's request. The Insured may not request such a payment unless the Insured is also the Owner. We only make the payment if we receive all our requirements. Our requirements include, but are not limited to, satisfactory proof to us In Writing that the Insured (the last surviving Insured if there are two Insureds) became terminally ill, as defined in your Policy: (a) at least 30 days after the Issue Date; or (b) as a result of an accident that occurred after the Issue Date. To the extent permitted by law, we will change our procedures in relation to this benefit or the definition of terminally ill or any other applicable term in order to maintain the tax-free status of any amounts paid out under this provision. **NOTE: Where allowed by law, Policies issued to an Insured(s) in a substandard risk class may not be eligible for an accelerated death benefit.**

**What happens to the remaining benefits if American Skandia makes such a payment?** Any such payment reduces the Account Value, the Premium, and the Guaranteed Minimum Death Benefit in the same ratio as the Required Death Benefit is reduced as of the Valuation Period such a payment is made. You should consult a tax advisor on the tax consequences of such a payment. **Please refer to Appendix A for a hypothetical illustration of the accelerated death benefit provision.**

## **COSTS**

**What kinds of charges are there for this Policy?** The Policy has three (3) different categories of charges: (1) **transaction costs**, which are charges we assess if you surrender or withdraw any amount from your Policy or when you transfer Account Value among investment options; (2) **periodic Policy costs**, which are charges we deduct on a daily, monthly or annual basis while you own the Policy, excluding the Portfolio annual expenses; and (3) **Portfolio costs**, which are charges deducted annually by each Portfolio.

**How are charges deducted?** The transaction costs upon surrender or withdrawal are assessed against the investment options pro-rata in the same ratio as Account Value is being withdrawn from such investment options. Transaction costs upon transfer (if applicable) are deducted from amounts transferred pro-rata in the same ratio as Account Value being transferred.

The periodic Policy costs include (1) charges that we deduct daily against assets maintained in the Separate Account, which only apply to the Account Value you allocate to the variable investment options; (2) charges we deduct monthly from the Account Value, which are due in all Policy Years until Age 100; and (3) charges that we deduct monthly from the Account Value only for the first ten Policy Years.

Charges deducted from Account Value are deducted from your investment options pro-rata based on the Account Value in each investment option. If you maintain Account Value in more than one Fixed Allocation in a Policy Year, any applicable charges will be deducted on a "last-in, first-out" basis, starting with the last Fixed Allocation that was made prior to the Monthly Processing Date the deduction is made.

The Portfolio costs are a percentage of the Portfolio's daily net assets, which are deducted daily by each Portfolio before it provides American Skandia with the net asset value as of the close of business each day.

**What are the transaction costs and when are they deducted?** We assess two types of transaction costs – the contingent deferred sales charge and the transfer fee – only under certain circumstances.

**Contingent deferred sales charge:** The contingent deferred sales charge is a percentage of the Premium being surrendered or withdrawn that is deducted during the first nine (9) Policy Years (See "Partial Withdrawals and Surrender" for more details). The contingent deferred sales charge applies to withdrawals of Premium, not withdrawals of Growth, as defined by our rules. The contingent deferred sales charge reimburses us for expenses related to sales and distribution of the Policy, including commissions, marketing materials and other promotional expenses. It may be assessed at the time of any partial withdrawal or surrender, unless the

Policy qualifies for a medically-related waiver of these charges, as discussed in the section of this Prospectus entitled "Medically-Related Waiver." The percentages are as follows:

| Policy Year    | 1     | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10+ |
|----------------|-------|------|------|------|------|------|------|------|------|-----|
| Percentage (%) | 10.0% | 9.5% | 9.0% | 8.0% | 7.0% | 6.0% | 5.0% | 4.0% | 3.0% | 0   |

**Exception to contingent deferred sales charge & sales charge:** From time to time, and to the extent permitted by law, we may reduce the amount of the sales charge (See "What are periodic Policy costs and when are they deducted?") and the contingent deferred sales charge, the period during which such charges apply, or both, when Policies are sold to persons or groups of persons in a manner that reduces sales expenses. We would consider such factors as: (a) the size and type of group; (b) the amount of Premiums; and/or (c) other transactions where sales expenses are likely to be reduced.

No sales charge or contingent deferred sales charge is imposed when, as of the Policy Date, the Owner or the Insured of a Policy issued pursuant to this Prospectus is a member of a designated class, including: (a) any parent company, affiliate or subsidiary of ours; (b) an officer, director, employee, retiree, sales representative, or in the case of an affiliated broker-dealer, registered representative of such company; (c) a director, officer or trustee of any underlying mutual fund; (d) a director, officer or employee of any investment manager, sub-advisor, transfer agent, custodian, auditing, legal or administrative services provider that is providing investment management, advisory, transfer agency, custodianship, auditing, legal and/or administrative services to an underlying mutual fund or any affiliate of such firm; (e) a director, officer, employee or registered representative of a broker-dealer or insurance agency that has a then current selling agreement with us and/or with American Skandia Marketing, Incorporated; (f) a director, officer, employee or authorized representative of any firm providing us or our affiliates with regular legal, actuarial, auditing, underwriting, claims, administrative, computer support, marketing, office or other services; (g) the then current spouse of any such person noted in (b) through (f) above; (h) the parents of such person noted in (b) through (g) above; (i) the child(ren) or other legal dependent under the age of 21 of any such person noted in (b) through (h); and (j) the siblings of any such persons noted in (b) through (h) above.

You must notify us at the time you apply for the Policy if you are a member of the designated class. American Skandia is not responsible for monitoring whether you qualify as a member of the designated class. **Failure to inform us that you qualify as a member of the designated class may result in your Policy being subject to the contingent deferred sales charge and sales charge as described above.**

**Transfer fee:** We charge a \$10.00 transfer fee for every transfer after the 20<sup>th</sup> in each Policy Year. This includes transfers into a Fixed Allocation and any transfers from a Fixed Allocation unless the transfer occurs on a Policy Anniversary. It does not include transfers made as part of any dollar cost averaging program we offer. For this purpose, all transfers occurring during the same Valuation Period are considered one transfer. We assess the transfer fee at the time any transfer is made that is subject to the fee.

**What are the periodic Policy costs and when are they deducted?** We assess five types of periodic Policy costs, which include the sales charge, the cost of insurance charge, the mortality and expense risk charge, the administration charge, and the maintenance fee.

**Sales charge:** We deduct the sales charge during the first ten (10) Policy Years, each Monthly Processing Day, pro-rata from the variable and fixed investment options in which the Account Value is maintained. It is a percentage of your Account Value and is the equivalent of 0.25% per year. We deduct this charge from your Account Value on each Monthly Processing Day. This charge compensates American Skandia for expenses related to sales and distribution of the Policy, including underwriting and Policy issue costs, commissions, marketing materials and other promotional expenses.

There are certain circumstances which may result in reduction or elimination of the sales charge. These are exactly the same circumstances that may result in reduction or elimination of the contingent deferred sales charge, as described above in response to the question "What are transaction costs and when are they deducted?"

**Cost of insurance charge:** We deduct the cost of insurance charge from your Account Value, in advance, each Monthly Processing Day, pro-rata from the variable and fixed investment options in which you maintain Account Value. The charge is a percentage of your then current Account Value. The cost of insurance charge is intended to compensate American Skandia for providing insurance protection under the Policy. The cost of insurance charge is not a constant dollar amount, in part because it is deducted as a percentage of your Account Value. The percentage of your Account Value that we charge differs depending on four factors: (1) whether we issue the Policy on the life of one Insured or two Insured's; (2) the Age(s) of the Insured(s) as of the Policy Date; (3) the gender of the Insured(s), where permitted; and (4) the tobacco usage class(es) of the Insured(s). We reserve the right to



also have the percentage decrease based on the size of the Premium. We do not deduct a charge for cost of insurance once the Insured reaches Age 100.

The actual charge is a monthly charge. The breakdown of the annual cost of insurance charge we deduct from your Account Value is shown below for a Policy issued for one Insured. The charges may change if we are required by law to charge the same amount for males and females. For purposes of this and the succeeding table, "Age" is as of the Policy Date.

| Risk Class          | Cost of Insurance Rate<br>(annual charge – deducted monthly) |                  |
|---------------------|--|------------------|
|                     | Issue Ages 16 – 70   | Issue Age 71 -90 |
| Male / No Tobacco   | 0.65%  | 1.10%            |
| Male /Tobacco       | 1.10%  | 2.50%            |
| Female / No Tobacco | .50%   | .60%             |
| Female –/Tobacco    | .80%   | 1.15%            |

If the Policy is issued for two Insureds, the yearly percentages of the Account Value we deduct for the cost of insurance will depend on the tobacco usage classes of the Insureds. The following are examples of applicable charges as of the Policy Date. The charges will be different if we are required by law to charge the same amount for males and females.

| Risk Class                        | Cost of Insurance Rate<br>(annual charge – deducted monthly) |
|-----------------------------------|--|
| Male No Tobacco/Female No Tobacco | .40%   |
| Male No Tobacco/Female Tobacco    | .50%   |
| Male Tobacco/Female No Tobacco    | .50%   |
| Male Tobacco/Female Tobacco       | .80%   |

We reserve the right, subject to any required regulatory approvals, to change the current cost of insurance charge, subject to the maximum cost of insurance charge described below. Any change in the cost of insurance charge will be based on changes in our future expectations of mortality, expenses, persistency, investment earnings and any taxes. Changes in the cost of insurance charge will not be made because of a deterioration in an Insured's health, nor will they be made to recoup any prior losses. The changes will be determined only prospectively and will comply with the procedures and standards on file with the insurance department for the jurisdiction where the Policy is delivered.

We monitor the cost of insurance charge so that it never exceeds a guaranteed maximum charge. We determine the guaranteed maximum charge as if we were charging you an increasing amount based on the Insured's attained Age and were assessing that charge on the Net Amount at Risk, which is the difference between the Death Benefit and the Account Value. If the cost of insurance charge described above would exceed the guaranteed maximum charge on any Monthly Processing Day, we will only charge the guaranteed maximum charge.

The guaranteed maximum cost of insurance charge depends on the tobacco usage class and risk class of the Insured(s). Also, if required by law, unisex charges will apply. We base the guaranteed maximum charges on the sex distinct 1980 Commissioners Standard Ordinary Ultimate Mortality Table, age last birthday unless unisex rates apply.

**Mortality and expense risk charge:** We assess a mortality and expense risk charge against the assets in the Separate Account. The mortality and expense risk charge is equal to 0.90% per year for Policy Years 1 through 15 and 0.25% for Policy Years 16 and thereafter. We assess this charge each Valuation Period against the daily value of each Sub-account.

The mortality and expense risk charge is assessed for mortality risk and expense risk. The mortality risk American Skandia assumes is that the Policy's cost of insurance charge will be insufficient to pay claims and that the insured will not live as long as expected. The expense risk we assume is that the expenses incurred in issuing, distributing and administering the Policy will exceed the administration charge.

In summary, the charges cover the risk that our assumptions about the mortality risks and expenses under this Policy are incorrect and that we have agreed not to increase these charges over time despite our actual costs.

**Administration charge:** We assess an administration charge for costs associated with operating the Separate Account. The administration charge is equal to 0.25% per year. The 0.25% charge for administrative expenses does not decrease after the 15<sup>th</sup> Policy Year. We assess this charge each Valuation Period against the daily value of each Sub-account. The administration charge covers administrative costs associated with providing the Policy benefits, including preparation of the policy, confirmation statements, annual account statements and annual reports, legal and accounting fees, as well as, various related expenses. We may increase the administration charge; however, any increase will only apply to Policies issued after the date of the increase.

American Skandia may make a profit on the mortality and expense risk charge and the administration charge if, over time, the actual cost of providing the guaranteed insurance obligations under the Policy are less than the amount we deduct for the mortality and expense risk charge and the administration charge. To the extent that we make a profit on the mortality and expense risk charge and the administration charge, such profit may be used for any other corporate purpose, including payment of other expenses that American Skandia incurs in promoting, distributing, issuing and administering the Policy. We reserve the right to assess the Separate Account for any taxes that may be attributed to it. Currently, no such charge for taxes is assessed.

**Maintenance Fee:** We assess a maintenance fee equal to \$2.50 per month. We take the charge from your Account Value monthly in advance. However, we will waive the maintenance fee on any Monthly Processing Day if your Account Value is \$75,000 or greater. This fee compensates American Skandia for expenses related to the maintenance of the Policy.

**What are the Portfolio annual costs and when are they deducted?** We do not assess any charges directly against the Portfolios. However, each Portfolio charges a total annual fee comprised of an investment management fee, operating expenses and any distribution and service (12b-1) fees that may apply. These fees are deducted daily by each Portfolio before it provides American Skandia with the net asset value as of the close of business each day. More detailed information about fees and charges can be found in the prospectuses for the Portfolios. Please also see "Service Fees Payable by Underlying Portfolios".

## **VARIABLE INVESTMENT OPTIONS**

**What are the investment objectives and policies of the variable investment options?** Each variable investment option is a Sub-account of American Skandia Life Assurance Corporation Variable Account F. Each Sub-account invests exclusively in one Portfolio. You should carefully read the prospectus for any Portfolio in which you are interested. The following chart classifies each of the Portfolios based on our assessment of their investment style (as of the date of this Prospectus). The chart also provides a short summary description of each Portfolio's investment objective (*in Italics*) and a summary description of their key policies to assist you in determining which Portfolios may be of interest to you. There is no guarantee that any Portfolio will meet its investment objective.

The name of the advisor/sub-advisor for each Portfolio appears next to the description. Those portfolios whose name includes the prefix "AST" are Portfolios of American Skandia Trust. The investment manager for AST is American Skandia Investment Services, Incorporated, an affiliated company of American Skandia. However, a sub-advisor, as noted below, is engaged to conduct day-to-day investment decisions.

The Portfolios are not publicly traded mutual funds. They are only available as investment options in variable annuity contracts and variable life insurance policies issued by insurance companies, or in some cases, to participants in certain qualified retirement plans. However, some of the Portfolios available as Sub-accounts under the Policy are managed by the same portfolio advisor or sub-advisor as a retail mutual fund of the same or similar name that the Portfolio may have been modeled after at its inception. Certain retail mutual funds may also have been modeled after a Portfolio. While the investment objective and policies of the retail mutual funds and the Portfolios may be substantially similar, the actual investments will differ to varying degrees. Differences in the performance of the funds can be expected, and in some cases could be substantial. You should not compare the performance of a publicly traded mutual fund with the performance of any similarly named Portfolio offered as a Sub-account. Details about the investment objectives, policies, risks, costs and management of the Portfolios are found in the prospectuses for the underlying mutual funds. The current prospectus and statement of additional information for the underlying Portfolios can be obtained by calling 1-800-752-6342.

**Effective March 16, 2001, the Nova, Ursa and OTC portfolios of Rydex Variable Trust will no longer be offered as Sub-accounts under the Policy.** Owners of Variable Life policies issued on or after March 16, 2001 will not be allowed to allocate Account Value to the Rydex Nova, Rydex Ursa or Rydex OTC Sub-accounts. Except as noted below, Owners of Variable Life policies issued before March 16, 2001, and/or their authorized investment professionals, will no longer be able to allocate additional Account Value or make transfers into the Rydex Nova, Rydex Ursa or Rydex OTC Sub-accounts. Policy Owners and/or their authorized investment professionals who elect to transfer Account Value out of the Rydex Sub-accounts on or after March 16, 2001 will not be allowed to transfer Account Value into the Rydex Sub-accounts at a later date. Dollar cost averaging, asset allocation and rebalancing programs that were effective on or before March 16, 2001 and included one or more of the Rydex Sub-accounts will be allowed to continue. However, no changes involving the Rydex Sub-accounts may be made to such programs.

Effective close of business **June 28, 2002**, the **AST Goldman Sachs Small-Cap Value** portfolio is no longer offered as a Sub-account under the Policy, except as noted below. Policies issued on or before **June 28, 2002** may allocate Account Value and make transfers into the **AST Goldman Sachs Small-Cap Value** Sub-account, including any bank drafting, dollar cost averaging, asset allocation and rebalancing programs. Policies issued after **June 28, 2002** will not be allowed to allocate Account Value to the **AST Goldman Sachs Small-Cap Value** Sub-account.

The **AST Goldman Sachs Small-Cap Value** Sub-account may be offered to Policy Owners at some future date; however, at the present time, American Skandia has no intention to do so.

Contract described herein is no longer available for sale.

| STYLE/<br>TYPE          | INVESTMENT OBJECTIVES/POLICIES   | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR         |
|-------------------------|--|--|
| INTERNATIONAL<br>EQUITY | <p><b>AST Strong International Equity:</b> <i>seeks long-term capital growth by investing in a diversified portfolio of international equity securities the issuers of which are considered to have strong earnings momentum.</i> The Portfolio seeks to meet its objective by investing, under normal market conditions, at least 80% of its total assets in a diversified portfolio of equity securities of companies located or operating in developed non-U.S. countries and emerging markets of the world. The Sub-advisor intends to focus on companies with an above-average potential for long-term growth and attractive relative valuations. The Sub-advisor selects companies based on five key factors: growth, valuation, management, risk and sentiment.</p>   | Strong Capital Management, Inc.              |
| INTERNATIONAL<br>EQUITY | <p><b>AST William Blair International Growth (f/k/a AST Janus Overseas Growth):</b> <i>seeks long-term growth of capital.</i> The Portfolio pursues its objective primarily through investments in equity securities of issuers located outside the United States. The Portfolio normally invests at least 80% of its total assets in securities of issuers from at least five different countries, excluding the United States. The Portfolio invests primarily in companies selected for their growth potential. Securities are generally selected without regard to any defined allocation among countries, geographic regions or industry sectors, or other similar selection procedure.</p>   | William Blair & Company, L.L.C.              |
| INTERNATIONAL<br>EQUITY | <p><b>AST American Century International Growth:</b> <i>seeks capital growth.</i> The Portfolio will seek to achieve its investment objective by investing primarily in equity securities of international companies that the Sub-advisor believes will increase in value over time. Under normal conditions, the Portfolio will invest at least 65% of its assets in equity securities of issuers from at least three countries outside of the United States. The Sub-advisor uses a growth investment strategy it developed that looks for companies with earnings and revenue growth. The Sub-advisor will consider a number of other factors in making investment selections, including the prospects for relative economic growth among countries or regions, economic and political conditions, expected inflation rates, currency exchange fluctuations and tax considerations.</p> | American Century Investment Management, Inc. |
| INTERNATIONAL<br>EQUITY | <p><b>AST DeAM International Equity:</b> <i>seeks capital growth.</i> The Portfolio pursues its objective by investing at least 80% of the value of its assets in the equity securities of companies in developed non-U.S. countries that are represented in the MSCI EAFE<sup>®</sup> Index. The target of this Portfolio is to track the performance of the MSCI EAFE<sup>®</sup> Index within 4% with a standard deviation expected of +/- 4%. The Sub-advisor considers a number of factors in determining whether to invest in a stock, including earnings growth rate, analysts' estimates of future earnings and industry-relative price multiples.</p>   | Deutsche Asset Management, Inc.              |
| GLOBAL<br>EQUITY        | <p><b>AST MFS Global Equity:</b> <i>seeks capital growth.</i> Under normal circumstances the Portfolio invests at least 80% of its assets in equity securities of U.S. and foreign issuers (including issuers in developing countries). The Portfolio generally seeks to purchase securities of companies with relatively large market capitalizations relative to the market in which they are traded.</p>  | Massachusetts Financial Services Company     |
| SMALL CAP<br>GROWTH     | <p><b>AST PBHG Small-Cap Growth:</b> <i>seeks capital growth.</i> The Portfolio pursues its objective by primarily investing at least 80% of the value of its assets in the common stocks of small-sized companies, whose market capitalizations are similar to market capitalizations of the companies in the Russell 2000<sup>®</sup> Index at the time of the Portfolio's investment. The Sub-advisor expects to focus primarily on those securities whose market capitalizations or annual revenues are less than \$1 billion at the time of purchase.</p>   | Pilgrim Baxter & Associates, Ltd.            |
| SMALL CAP<br>GROWTH     | <p><b>AST DeAM Small-Cap Growth:</b> <i>seeks maximum growth of investors' capital from a portfolio of growth stocks of smaller companies.</i> The Portfolio pursues its objective, under normal circumstances, by primarily investing at least 80% of its total assets in the equity securities of small-sized companies included in the Russell 2000 Growth<sup>®</sup> Index. The Sub-advisor employs an investment strategy designed to maintain a portfolio of equity securities which approximates the market risk of those stocks included in the Russell 2000 Growth<sup>®</sup> Index, but which attempts to outperform the Russell 2000 Growth<sup>®</sup> Index.</p>  | Deutsche Asset Management, Inc.              |

| STYLE/<br>TYPE              | INVESTMENT OBJECTIVES/POLICIES   | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR   |
|-----------------------------|--|--|
| <b>SMALL CAP<br/>GROWTH</b> | <b>AST Federated Aggressive Growth:</b> <i>seeks capital growth.</i> The Portfolio pursues its investment objective by investing in the stocks of small companies that are traded on national security exchanges, NASDAQ stock exchange and the over-the-counter-market. Small companies will be defined as companies with market capitalizations similar to companies in the Russell 2000 Index or the Standard & Poor's Small Cap 600 Index. Up to 25% of the Portfolio's net assets may be invested in foreign securities, which are typically denominated in foreign currencies.   | Federated Investment Counseling/Federated Global Investment Management Corp. |
| <b>SMALL CAP<br/>VALUE</b>  | <b>AST Goldman Sachs Small-Cap Value:</b> <i>seeks long-term capital appreciation.</i> The Portfolio will seek its objective through investments primarily in equity securities that are believed to be undervalued in the marketplace. The Portfolio primarily seeks companies that are small-sized, based on the value of their outstanding stock. The Portfolio will have a non-fundamental policy to invest, under normal circumstances, at least 80% of the value of its assets in small capitalization companies. The 80% investment requirement applies at the time the Portfolio invests its assets. The Portfolio generally defines small capitalization companies as companies with a capitalization of \$5 billion or less.   | Goldman Sachs Asset Management   |
| <b>SMALL CAP<br/>VALUE</b>  | <b>AST Gabelli Small-Cap Value:</b> <i>seeks to provide long-term capital growth by investing primarily in small-capitalization stocks that appear to be undervalued.</i> The Portfolio will have a non-fundamental policy to invest, under normal circumstances, at least 80% of the value of its assets in small capitalization companies. The 80% investment requirement applies at the time the Portfolio invests its assets. The Portfolio generally defines small capitalization companies as those with a capitalization of \$1.5 billion or less. Reflecting a value approach to investing, the Portfolio will seek the stocks of companies whose current stock prices do not appear to adequately reflect their underlying value as measured by assets, earnings, cash flow or business franchises. | GAMCO Investors, Inc.  |
| <b>SMALL CAP<br/>VALUE</b>  | <b>AST DeAM Small-Cap Value:</b> <i>seeks maximum growth of investors' capital.</i> The Portfolio pursues its objective, under normal market conditions, by primarily investing at least 80% of its total assets in the equity securities of small-sized companies included in the Russell 2000® Value Index. The Sub-advisor employs an investment strategy designed to maintain a portfolio of equity securities which approximates the market risk of those stocks included in the Russell 2000® Value Index, but which attempts to outperform the Russell 2000® Value Index.   | Deutsche Asset Management, Inc.  |
| <b>MID-CAP<br/>GROWTH</b>   | <b>AST Goldman Sachs Mid-Cap Growth (f/k/a AST Janus Mid-Cap Growth):</b> <i>seeks long-term capital growth.</i> The Portfolio pursues its investment objective, by investing primarily in equity securities selected for their growth potential, and normally invests at least 80% of the value of its assets in medium capitalization companies. For purposes of the Portfolio, medium-sized companies are those whose market capitalizations (measured at the time of investment) fall within the range of companies in the Standard & Poor's MidCap 400 Index. The Sub-advisor seeks to identify individual companies with earnings growth potential that may not be recognized by the market at large.  | Goldman Sachs Asset Management   |
| <b>MID-CAP<br/>GROWTH</b>   | <b>AST Neuberger Berman Mid-Cap Growth:</b> <i>seeks capital growth.</i> Under normal market conditions, the Portfolio primarily invests at least 80% of its net assets in the common stocks of mid-cap companies. For purposes of the Portfolio, companies with equity market capitalizations that fall within the range of the Russell Midcap® Index, at the time of investment, are considered mid-cap companies. Some of the Portfolio's assets may be invested in the securities of large-cap companies as well as in small-cap companies. The Sub-advisor looks for fast-growing companies that are in new or rapidly evolving industries.   | Neuberger Berman Management Inc.   |

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| MID-CAP<br>VALUE    | <p><b>AST Neuberger Berman Mid-Cap Value:</b> <i>seeks capital growth.</i> Under normal market conditions, the Portfolio primarily invests at least 80% of its net assets in the common stocks of mid-cap companies. For purposes of the Portfolio, companies with equity market capitalizations that fall within the range of the Russell Midcap<sup>®</sup> Index at the time of investment are considered mid-cap companies. Some of the Portfolio's assets may be invested in the securities of large-cap companies as well as in small-cap companies. Under the Portfolio's value-oriented investment approach, the Sub-advisor looks for well-managed companies whose stock prices are undervalued and that may rise in price before other investors realize their worth.</p>  | Neuberger Berman Management Inc.         |
| ALL-CAP<br>GROWTH   | <p><b>AST Alger All-Cap Growth:</b> <i>seeks long-term capital growth.</i> The Portfolio invests primarily in equity securities, such as common or preferred stocks, that are listed on U.S. exchanges or in the over-the-counter market. The Portfolio may invest in the equity securities of companies of all sizes, and may emphasize either larger or smaller companies at a given time based on the Sub-advisor's assessment of particular companies and market conditions.</p>   | Fred Alger Management, Inc.              |
| ALL-CAP<br>VALUE    | <p><b>AST Gabelli All-Cap Value:</b> <i>seeks capital growth.</i> The Portfolio pursues its objective by investing primarily in readily marketable equity securities including common stocks, preferred stocks and securities that may be converted at a later time into common stock. The Portfolio may invest in the securities of companies of all sizes, and may emphasize either larger or smaller companies at a given time based on the Sub-advisor's assessment of particular companies and market conditions. The Portfolio focuses on companies that appear underpriced relative to their private market value ("PMV"). PMV is the value that the Portfolio's Sub-advisor believes informed investors would be willing to pay for a company.</p>   | GAMCO Investors, Inc.                    |
| SECTOR              | <p><b>AST T. Rowe Price Natural Resources:</b> <i>seeks long-term capital growth primarily through the common stocks of companies that own or develop natural resources (such as energy products, precious metals and forest products) and other basic commodities.</i> The Portfolio normally invests primarily (at least 80% of its total assets) in the common stocks of natural resource companies whose earnings and tangible assets could benefit from accelerating inflation. The Portfolio looks for companies that have the ability to expand production, to maintain superior exploration programs and production facilities, and the potential to accumulate new resources. At least 50% of Portfolio assets will be invested in U.S. securities, up to 50% of total assets also may be invested in foreign securities.</p> | T. Rowe Price Associates, Inc.           |
| LARGE CAP<br>GROWTH | <p><b>AST Alliance Growth:</b> <i>seeks long-term capital growth.</i> The Portfolio invests at least 80% of its total assets in the equity securities of a limited number of large, carefully selected, high-quality U.S. companies that are judged likely to achieve superior earnings growth. Normally, about 40-60 companies will be represented in the Portfolio, with the 25 companies most highly regarded by the Sub-advisor usually constituting approximately 70% of the Portfolio's net assets. An emphasis is placed on identifying companies whose substantially above average prospective earnings growth is not fully reflected in current market valuations.</p>  | Alliance Capital Management, L.P.        |
| LARGE CAP<br>GROWTH | <p><b>AST MFS Growth:</b> <i>seeks long-term capital growth and future income.</i> Under normal market conditions, the Portfolio invests at least 80% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts, of companies that the Sub-advisor believes offer better than average prospects for long-term growth. The Sub-advisor seeks to purchase securities of companies that it considers well-run and poised for growth. The Portfolio may invest up to 35% of its net assets in foreign securities.</p>  | Massachusetts Financial Services Company |

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|-----------------------------|---|--------------------------------------|
| <b>LARGE CAP<br/>GROWTH</b> | <b>AST Marsico Capital Growth:</b> <i>seeks capital growth.</i> Income realization is not an investment objective and any income realized on the Portfolio's investments, therefore, will be incidental to the Portfolio's objective. The Portfolio will pursue its objective by investing primarily in common stocks of larger, more established companies. In selecting investments for the Portfolio, the Sub-advisor uses an approach that combines "top down" economic analysis with "bottom up" stock selection. The "top down" approach identifies sectors, industries and companies that should benefit from the trends the Sub-advisor has observed. The Sub-advisor then looks for individual companies with earnings growth potential that may not be recognized by the market at large, a "bottom up" stock selection.  | Marsico Capital Management, LLC      |
| <b>LARGE CAP<br/>GROWTH</b> | <b>AST Goldman Sachs Concentrated Growth (f/k/a AST JanCap Growth):</b> <i>seeks growth of capital in a manner consistent with the preservation of capital.</i> Realization of income is not a significant investment consideration and any income realized on the Portfolio's investments, therefore, will be incidental to the Portfolio's objective. The Portfolio will pursue its objective by investing primarily in equity securities of companies that the Sub-advisor believes have potential to achieve capital appreciation over the long-term. The Portfolio seeks to achieve its investment objective by investing, under normal circumstances, in approximately 30 – 45 companies that are considered by the Sub-advisor to be positioned for long-term growth.  | Goldman Sachs Asset Management       |
| <b>LARGE CAP<br/>GROWTH</b> | <b>AST DeAM Large-Cap Growth:</b> <i>seeks maximum growth of capital by investing primarily in the growth stocks of larger companies.</i> The Portfolio pursues its objective, under normal market conditions, by primarily investing at least 80% of its total assets in the equity securities of large-sized companies included in the Russell 1000 <sup>®</sup> Growth Index. The Sub-advisor employs an investment strategy designed to maintain a portfolio of equity securities which approximates the market risk of those stocks included in the Russell 1000 <sup>®</sup> Growth Index, but which attempts to outperform the Russell 1000 <sup>®</sup> Growth Index through active stock selection.  | Deutsche Asset Management, Inc.      |
| <b>LARGE CAP<br/>VALUE</b>  | <b>AST DeAM Large-Cap Value (f/k/a AST Janus Strategic Value):</b> <i>seeks maximum growth of capital by investing primarily in the value stocks of larger companies.</i> The Portfolio pursues its objective, under normal market conditions, by primarily investing at least 80% of the value of its assets in the equity securities of large-sized companies included in the Russell 1000 <sup>®</sup> Value Index. The Sub-advisor employs an investment strategy designed to maintain a portfolio of equity securities which approximates the market risk of those stocks included in the Russell 1000 <sup>®</sup> Value Index, but which attempts to outperform the Russell 1000 <sup>®</sup> Value Index through active stock selection.  | Deutsche Asset Management, Inc.      |
| <b>LARGE CAP<br/>BLEND</b>  | <b>AST Alliance/Bernstein Growth + Value:</b> <i>seeks capital growth by investing approximately 50% of its assets in growth stocks of large companies and approximately 50% of its assets in value stocks of large companies.</i> The Portfolio will invest primarily in common stocks of large U.S. companies included in the Russell 1000 <sup>®</sup> Index (the "Russell 1000 <sup>®</sup> "). The Russell 1000 <sup>®</sup> is a market capitalization-weighted index that measures the performance of the 1,000 largest U.S. companies. Normally, about 60-85 companies will be represented in the Portfolio, with 25-35 companies primarily from the Russell 1000 <sup>®</sup> Growth Index constituting approximately 50% of the Portfolio's net assets and 35-50 companies primarily from the Russell 1000 <sup>®</sup> Value Index constituting the remainder of the Portfolio's net assets. There will be a periodic rebalancing of each segment's assets to take account of market fluctuations in order to maintain the approximately equal allocation. | Alliance Capital Management, L.P.    |
| <b>LARGE CAP<br/>VALUE</b>  | <b>AST Sanford Bernstein Core Value:</b> <i>seeks long-term capital growth by investing primarily in common stocks.</i> The Sub-advisor expects that the majority of the Portfolio's assets will be invested in the common stocks of large companies that appear to be undervalued. Among other things, the Portfolio seeks to identify compelling buying opportunities created when companies are undervalued on the basis of investor reactions to near-term problems or circumstances even though their long-term prospects remain sound. The Sub-advisor seeks to identify individual companies with earnings growth potential that may not be recognized by the market at large.   | Sanford C. Bernstein & Co., LLC      |

| STYLE/<br>TYPE           | INVESTMENT OBJECTIVES/POLICIES  | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR               |
|--------------------------|---|--|
| REAL<br>ESTATE<br>(REIT) | <p><b>AST Cohen &amp; Steers Realty:</b> <i>seeks to maximize total return through investment in real estate securities.</i> The Portfolio pursues its investment objective by investing, under normal circumstances, at least 80% of its net assets in securities of real estate issuers. Under normal circumstances, the Portfolio will invest substantially all of its assets in the equity securities of real estate companies, i.e., a company that derives at least 50% of its revenues from the ownership, construction, financing, management or sale of real estate or that has at least 50% of its assets in real estate. Real estate companies may include real estate investment trusts or REITs.</p>   | Cohen & Steers<br>Capital Management,<br>Inc.      |
| MANAGED<br>INDEX         | <p><b>AST Sanford Bernstein Managed Index 500:</b> <i>will invest, under normal circumstances, at least 80% of its net assets in securities included in the Standard &amp; Poor's 500 Composite Stock Price Index (the "S&amp;P<sup>®</sup> 500"). The Portfolio seeks to outperform the S&amp;P 500 through stock selection resulting in different weightings of common stocks relative to the index.</i> The Portfolio will invest primarily in the common stocks of companies included in the S&amp;P 500. In seeking to outperform the S&amp;P 500, the Sub-advisor starts with a portfolio of stocks representative of the holdings of the index. It then uses a set of fundamental quantitative criteria that are designed to indicate whether a particular stock will predictably perform better or worse than the S&amp;P 500. Based on these criteria, the Sub-advisor determines whether the Portfolio should over-weight, under-weight or hold a neutral position in the stock relative to the proportion of the S&amp;P 500 that the stock represents. In addition, the Sub-advisor also may determine that based on the quantitative criteria, certain equity securities that are not included in the S&amp;P 500 should be held by the Portfolio.</p> | Sanford C. Bernstein<br>& Co., LLC                 |
| GROWTH<br>AND<br>INCOME  | <p><b>AST American Century Income &amp; Growth:</b> <i>seeks capital growth with current income as a secondary objective.</i> The Portfolio invests primarily in common stocks that offer potential for capital growth, and may, consistent with its investment objective, invest in stocks that offer potential for current income. The Sub-advisor utilizes a quantitative management technique with a goal of building an equity portfolio that provides better returns than the S&amp;P 500 Index without taking on significant additional risk and while attempting to create a dividend yield that will be greater than the S&amp;P 500 Index.</p>  | American Century<br>Investment<br>Management, Inc. |
| GROWTH<br>AND<br>INCOME  | <p><b>AST Alliance Growth and Income:</b> <i>seeks long-term growth of capital and income while attempting to avoid excessive fluctuations in market value.</i> The Portfolio normally will invest in common stocks (and securities convertible into common stocks). The Sub-advisor will take a value-oriented approach, in that it will try to keep the Portfolio's assets invested in securities that are selling at reasonable valuations in relation to their fundamental business prospects. The stocks that the Portfolio will normally invest in are those of seasoned companies.</p>   | Alliance Capital<br>Management, L.P.               |
| GROWTH<br>AND<br>INCOME  | <p><b>AST MFS Growth with Income:</b> <i>seeks long term growth of capital with a secondary objective to seek reasonable current income.</i> Under normal market conditions, the Portfolio invests at least 65% of its net assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts. The stocks in which the Portfolio invests generally will pay dividends. While the Portfolio may invest in companies of any size, the Portfolio generally focuses on companies with larger market capitalizations that the Sub-advisor believes have sustainable growth prospects and attractive valuations based on current and expected earnings or cash flow. The Portfolio may invest up to 20% of its net assets in foreign securities.</p>  | Massachusetts<br>Financial Services<br>Company     |
| EQUITY<br>INCOME         | <p><b>AST INVESCO Capital Income (f/k/a AST INVESCO Equity Income):</b> <i>seeks capital growth and current income while following sound investment practices.</i> The Portfolio seeks to achieve its objective by investing in securities that are expected to produce relatively high levels of income and consistent, stable returns. The Portfolio normally will invest at least 65% of its assets in dividend-paying common and preferred stocks of domestic and foreign issuers. Up to 30% of the Portfolio's assets may be invested in equity securities that do not pay regular dividends.</p>  | INVESCO Funds<br>Group, Inc.                       |



| STYLE/<br>TYPE                    | INVESTMENT OBJECTIVES/POLICIES  | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR         |
|-----------------------------------|---|--|
| <b>BALANCED</b>                   | <b>AST DeAM Global Allocation:</b> seeks a high level of total return by investing primarily in a diversified portfolio of mutual funds. The Portfolio seeks to achieve its investment objective by investing in several other AST Portfolios ("Underlying Portfolios"). The Portfolio intends its strategy of investing in combinations of Underlying Portfolios to result in investment diversification that an investor could otherwise achieve only by holding numerous investments. The Portfolio is expected to be invested in at least six such Underlying Portfolios at any time. It is expected that the investment objectives of such AST Portfolios will be diversified.   | Deutsche Asset Management, Inc.              |
| <b>BALANCED</b>                   | <b>AST American Century Strategic Balanced:</b> seeks capital growth and current income. The Sub-advisor intends to maintain approximately 60% of the Portfolio's assets in equity securities and the remainder in bonds and other fixed income securities. Both the Portfolio's equity and fixed income investments will fluctuate in value. The equity securities will fluctuate depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence. The fixed income investments will be affected primarily by rising or falling interest rates and the credit quality of the issuers.  | American Century Investment Management, Inc. |
| <b>ASSET<br/>ALLOCA-<br/>TION</b> | <b>AST T. Rowe Price Asset Allocation:</b> seeks a high level of total return by investing primarily in a diversified portfolio of fixed income and equity securities. The Portfolio normally invests approximately 60% of its total assets in equity securities and 40% in fixed income securities. The Sub-advisor concentrates common stock investments in larger, more established companies, but the Portfolio may include small and medium-sized companies with good growth prospects. The fixed income portion of the Portfolio will be allocated among investment grade securities, high yield or "junk" bonds, foreign high quality debt securities and cash reserves.   | T. Rowe Price Associates, Inc.               |
| <b>GLOBAL<br/>BOND</b>            | <b>AST T. Rowe Price Global Bond:</b> seeks to provide high current income and capital growth by investing in high-quality foreign and U.S. dollar-denominated bonds. The Portfolio will invest at least 80% of its total assets in all types of high quality bonds including those issued or guaranteed by U.S. or foreign governments or their agencies and by foreign authorities, provinces and municipalities as well as investment grade corporate bonds and mortgage and asset-backed securities of U.S. and foreign issuers. The Portfolio generally invests in countries where the combination of fixed-income returns and currency exchange rates appears attractive, or, if the currency trend is unfavorable, where the Sub-advisor believes that the currency risk can be minimized through hedging. The Portfolio may also invest up to 20% of its assets in the aggregate in below investment-grade, high-risk bonds ("junk bonds"). In addition, the Portfolio may invest up to 30% of its assets in mortgage-backed (including derivatives, such as collateralized mortgage obligations and stripped mortgage securities) and asset-backed securities. | T. Rowe Price International, Inc.            |
| <b>HIGH<br/>YIELD<br/>BOND</b>    | <b>AST Federated High Yield:</b> seeks high current income by investing primarily in a diversified portfolio of fixed income securities. The Portfolio will invest at least 80% of its assets in fixed income securities rated BBB and below. These fixed income securities may include preferred stocks, convertible securities, bonds, debentures, notes, equipment lease certificates and equipment trust certificates. A fund that invests primarily in lower-rated fixed income securities will be subject to greater risk and share price fluctuation than a typical fixed income fund, and may be subject to an amount of risk that is comparable to or greater than many equity funds.  | Federated Investment Counseling              |

| STYLE/<br>TYPE              | INVESTMENT OBJECTIVES/POLICIES   | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR                                     |
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| <b>BOND</b>                 | <b>AST Lord Abnett Bond-Debenture:</b> <i>seeks high current income and the opportunity for capital appreciation to produce a high total return.</i> To pursue its objective, the Portfolio will invest, under normal circumstances, at least 80% of the value of its assets in fixed income securities and normally invests primarily in high yield and investment grade debt securities, securities convertible in common stock and preferred stocks. The Portfolio may find good value in high yield securities, sometimes called "lower-rated bonds" or "junk bonds," and frequently may have more than half of its assets invested in those securities. At least 20% of the Portfolio's assets must be invested in any combination of investment grade debt securities, U.S. Government securities and cash equivalents. The Portfolio may also make significant investments in mortgage-backed securities. Although the Portfolio expects to maintain a weighted average maturity in the range of five to twelve years, there are no restrictions on the overall Portfolio or on individual securities. The Portfolio may invest up to 20% of its net assets in equity securities. | Lord, Abnett & Co.<br>LLC  |
| <b>BOND</b>                 | <b>AST DeAM Bond:</b> <i>seeks a high level of income, consistent with the preservation of capital.</i> Under normal circumstances, the Portfolio invests at least 80% of its total assets in intermediate-term U.S. Treasury, corporate, mortgage-backed and asset-backed, taxable municipal and tax-exempt municipal bonds. The Portfolio invests primarily in investment grade fixed income securities rated within the top three rating categories of a nationally recognized rating organization. Fixed income securities may be issued by U.S. and foreign corporations or entities including banks and various government entities.   | Deutsche Asset<br>Management, Inc.                                       |
| <b>BOND</b>                 | <b>AST PIMCO Total Return Bond:</b> <i>seeks to maximize total return consistent with preservation of capital and prudent investment management.</i> The Portfolio will invest in a diversified portfolio of fixed-income securities of varying maturities. The average portfolio duration of the Portfolio generally will vary within a three- to six-year time frame based on the Sub-advisor's forecast for interest rates.   | Pacific Investment<br>Management<br>Company LLC                          |
| <b>BOND</b>                 | <b>AST PIMCO Limited Maturity Bond:</b> <i>seeks to maximize total return consistent with preservation of capital and prudent investment management.</i> The Portfolio will invest in a diversified portfolio of fixed-income securities of varying maturities. The average portfolio duration of the Portfolio generally will vary within a one- to three-year time frame based on the Sub-advisor's forecast for interest rates.   | Pacific Investment<br>Management<br>Company LLC                          |
| <b>MONEY<br/>MARKET</b>     | <b>AST Money Market:</b> <i>seeks high current income and maintain high levels of liquidity.</i> The Portfolio attempts to accomplish its objective by maintaining a dollar-weighted average maturity of not more than 90 days and by investing in securities which have effective maturities of not more than 397 days.   | Wells Capital<br>Management, Inc.  |
| <b>EMERGING<br/>MARKETS</b> | <b>Montgomery Variable Series – Emerging Markets:</b> <i>seeks long-term capital appreciation, under normal conditions by investing at least 80% of its total assets in stocks of companies of any size based in the world's developing economies.</i> Under normal market conditions, investments are maintained in at least six countries at all times and no more than 35% of total assets in any single one of them.   | Gartmore Global<br>Asset Management<br>Trust/Gartmore<br>Global Partners |

| STYLE/<br>TYPE                                 | INVESTMENT OBJECTIVES/POLICIES   | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR                  |
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| STRATEGIC<br>OR<br>TACTICAL<br>ALLOCA-<br>TION | <p><b>Rydex Variable Trust – Nova:</b> seeks to provide investment results that match the performance of a specific benchmark on a daily basis. The Portfolio's current benchmark is 150% of the performance of the S&amp;P 500<sup>®</sup> Index (the "underlying index"). If the Portfolio meets its objective, the value of the Portfolio's shares will tend to increase on a daily basis by 150% of the value of any increase in the underlying index. When the value of the underlying index declines, the value of the Portfolio's shares should also decrease on a daily basis by 150% of the value of any decrease in the underlying index (e.g., if the underlying index goes down by 5%, the value of the Portfolio's shares should go down by 7.5% on that day). Unlike a traditional index fund, as its primary investment strategy, the Portfolio invests to a significant extent in leveraged instruments, such as swap agreements, futures contracts and options on securities, futures contracts, and stock indices, as well as equity securities.</p>           | Rydex Global Advisors (f/k/a PADCO Advisors II, Inc.) |
| STRATEGIC<br>OR<br>TACTICAL<br>ALLOCA-<br>TION | <p><b>Rydex Variable Trust – Ursa:</b> seeks to provide investment results that will inversely correlate to the performance of the S&amp;P 500<sup>®</sup> Index (the "underlying index"). If the Portfolio meets its objective, the value of the Portfolio's shares will tend to increase during times when the value of the underlying index is decreasing. When the value of the underlying index is increasing, however, the value of the Portfolio's shares should decrease on a daily basis by an inversely proportionate amount (e.g., if the underlying index goes up by 5%, the value of the Portfolio's shares should go down by 5% on that day). Unlike a traditional index fund, the Portfolio's benchmark is to perform exactly opposite the underlying index, and the Ursa Fund will not own the securities included in the underlying index. Instead, as its primary investment strategy, the Portfolio invests to a significant extent in short sales of securities or futures contracts and in options on securities, futures contracts, and stock indices.</p> | Rydex Global Advisors (f/k/a PADCO Advisors II, Inc.) |
| STRATEGIC<br>OR<br>TACTICAL<br>ALLOCA-<br>TION | <p><b>Rydex Variable Trust – OTC:</b> seeks to provide investment results that correspond to a benchmark for over-the-counter securities. The Portfolio's current benchmark is the NASDAQ 100 Index<sup>®</sup> (the "underlying index"). If the Portfolio meets its objective, the value of the Portfolio's shares should increase on a daily basis by the amount of any increase in the value of the underlying index. However, when the value of the underlying index declines, the value of the Portfolio's shares should also decrease on a daily basis by the amount of the decrease in value of the underlying index. The Portfolio invests principally in securities of companies included in the underlying index. It also may invest in other instruments whose performance is expected to correspond to that of the underlying index, and may engage in futures and options transactions and enter into swap agreements.</p>  | Rydex Global Advisors (f/k/a PADCO Advisors II, Inc.) |
| MID-CAP<br>EQUITY                              | <p><b>INVESCO Variable Investment Funds – Dynamics:</b> seek long-term capital growth. The Portfolio invests at least 65% of its assets in common stocks of mid-sized companies. INVESCO defines mid-sized companies as companies that are included in the Russell Midcap Growth Index at the time of purchase, or if not included in that Index, have market capitalizations of between \$2.5 billion and \$15 billion at the time of purchase. The core of the Portfolio's investments are in securities of established companies that are leaders in attractive growth markets with a history of strong returns. The remainder of the Portfolio is invested in securities of companies that show accelerating growth, driven by product cycles, favorable industry or sector conditions, and other factors that INVESCO believes will lead to rapid sales or earnings growth.</p>   | INVESCO Funds Group, Inc.                             |
| SECTOR   | <p><b>INVESCO Variable Investment Funds – Technology:</b> seeks capital growth. The Portfolio normally invests 80% of its net assets in the equity securities and equity-related instruments of companies engaged in technology-related industries. These include, but are not limited to, various applied technologies, hardware, software, semiconductors, telecommunications equipment and services and service-related companies in information technology. Many of these products and services are subject to rapid obsolescence, which may lower market value of the securities of the companies in this sector. At any given time, 20% of the Portfolio's assets is not required to be invested in the sector.</p>  | INVESCO Funds Group, Inc.                             |

| STYLE/<br>TYPE               | INVESTMENT OBJECTIVES/POLICIES   | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR         |
|------------------------------|--|--|
| SECTOR                       | <b>INVESCO Variable Investment Funds – Health Sciences:</b> <i>seeks capital growth.</i> The Portfolio normally invests at least 80% of its net assets in the equity securities and equity-related instruments of companies that develop, produce or distribute products or services related to health care. These companies include, but are not limited to, medical equipment or supplies, pharmaceuticals, biotechnology and healthcare providers and service companies. At any given time, 20% of the Portfolio's assets is not required to be invested in the sector.   | INVESCO Funds Group, Inc.                    |
| SECTOR                       | <b>INVESCO Variable Investment Funds – Financial Services:</b> <i>seeks capital growth.</i> The Portfolio normally invests at least 80% of its net assets in the equity securities and equity-related instruments of companies involved in the financial services sector. These companies include, but are not limited to, banks (regional and money-centers), insurance companies (life, property and casualty, and multiline), investment and miscellaneous industries (asset managers, brokerage firms, and government-sponsored agencies) and suppliers to financial services companies. At any given time, 20% of the Portfolio's assets is not required to be invested in the sector.  | INVESCO Funds Group, Inc.                    |
| SECTOR                       | <b>INVESCO Variable Investment Funds – Telecommunications:</b> <i>seeks capital growth and current income.</i> The Portfolio normally invests 80% of its net assets in the equity securities and equity-related instruments of companies engaged in the design, development, manufacture, distribution, or sale of communications services and equipment, and companies that are involved in supplying equipment or services to such companies. The telecommunications sector includes, but is not limited to, companies that offer telephone services, wireless communications, satellite communications, television and movie programming, broadcasting and Internet access. Many of these products and services are subject to rapid obsolescence, which may lower the market value of the securities of the companies in this sector. At any given time, 20% of the Portfolio's assets is not required to be invested in the sector. | INVESCO Funds Group, Inc.                    |
| GLOBAL<br>EQUITY             | <b>Evergreen VA Global Leaders:</b> <i>seeks to provide investors with long-term capital growth.</i> The Portfolio normally invests as least 65% of its assets in a diversified portfolio of U.S. and non-U.S. equity securities of companies located in the world's major industrialized countries. The Portfolio will invest in no less than three countries, which may include the U.S., but may invest more than 25% of its assets in one country. The Portfolio invests only in the best 100 companies, which are selected by the Portfolio's manager based on as high return on equity, consistent earnings growth, established market presence and industries or sectors with significant growth prospects.   | Evergreen Investment Management Company, LLC |
| SMALL CAP<br>EQUITY          | <b>Evergreen VA Special Equity:</b> <i>seeks capital growth.</i> The Portfolio normally invests at least 80% of its assets in common stocks of small U.S. companies (i.e., companies whose market capitalizations fall within the range of the Russell 2000 <sup>®</sup> Index, at the time of purchase). The remaining 20% of the Portfolio's assets may be represented by cash or invested in various cash equivalents. The Portfolio's manager selects stocks of companies which it believes have the potential for accelerated growth in earnings and price.   | Evergreen Investment Management Company, LLC |
| MID-CAP<br>EQUITY            | <b>Evergreen VA Omega:</b> <i>seeks long-term capital growth.</i> The Portfolio invests primarily in common stocks and securities convertible into common stocks of U.S. companies across all market capitalizations. The Portfolio's managers employ a growth style of equity management. "Growth" stocks are stocks of companies that the Portfolio's managers believe have anticipated earnings ranging from steady to accelerated growth.  | Evergreen Investment Management Company, LLC |
| INTER-<br>NATIONAL<br>EQUITY | <b>ProFund VP Europe 30:</b> <i>seeks daily investment results, before fees and expenses, that correspond to the daily performance of the ProFunds Europe 30 Index.</i> The ProFunds Europe 30 Index, created by ProFund Advisors, is composed of 30 companies whose principal offices are located in Europe and whose securities are traded on U.S. exchanges or on the NASDAQ as depositary receipts or ordinary shares. The component companies in the ProFunds Europe 30 Index are determined annually based upon their U.S. dollar-traded volume. Their relative weights are determined based on a modified market capitalization method.   | ProFund Advisors LLC                         |

| STYLE/<br>TYPE  | INVESTMENT OBJECTIVES/POLICIES  | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR |
|---|---|--------------------------------------|
| <p><b>THE PROFUND VP PORTFOLIOS DESCRIBED BELOW ARE AVAILABLE AS SUB-ACCOUNTS TO ALL ANNUITY OWNERS. EACH PORTFOLIO PURSUES AN INVESTMENT STRATEGY THAT SEEKS TO PROVIDE DAILY INVESTMENT RESULTS, BEFORE FEES AND EXPENSES, THAT MATCH A WIDELY FOLLOWED INDEX, INCREASE BY A SPECIFIED FACTOR RELATIVE TO THE INDEX, MATCH THE INVERSE OF THE INDEX OR THE INVERSE OF THE INDEX MULTIPLIED BY A SPECIFIED FACTOR. THE INVESTMENT STRATEGY OF SOME OF THE PORTFOLIOS MAY MAGNIFY (BOTH POSITIVELY AND NEGATIVELY) THE DAILY INVESTMENT RESULTS OF THE APPLICABLE INDEX. IT IS RECOMMENDED THAT ONLY THOSE ANNUITY OWNERS WHO ENGAGE A FINANCIAL ADVISOR TO ALLOCATE THEIR ACCOUNT VALUE USING A STRATEGIC OR TACTICAL ASSET ALLOCATION STRATEGY INVEST IN THESE PORTFOLIOS. WE HAVE ARRANGED THE PORTFOLIOS BASED ON THE INDEX ON WHICH IT'S INVESTMENT STRATEGY IS BASED.</b></p> |   |                                      |
| <p><b>The S&amp;P 500 Index<sup>®</sup> is a widely used measure of large-cap U.S. stock market performance. It includes a representative sample of leading companies in leading industries. Companies are selected for inclusion in the Index by Standard &amp; Poor's<sup>®</sup> for being U.S. companies with adequate liquidity, appropriate market capitalization financial viability and public float.</b></p>   |   |                                      |
| S&P 500   | <p><b>ProFund VP Bear:</b> <i>seeks daily investment results, before fees and expenses, that correspond to the inverse (opposite) of the daily performance of the S&amp;P 500<sup>®</sup> Index. If ProFund VP Bear is successful in meeting its objective, its net asset value should gain approximately the same, on a percentage basis, as any decrease in the S&amp;P 500<sup>®</sup> Index when the Index declines on a given day. Conversely, its net asset value should lose approximately the same, on a percentage basis, as any increase in the Index when the Index rises on a given day.</i></p>  | ProFund Advisors<br>LLC              |
| S&P 500   | <p><b>ProFund VP UltraBull (f/k/a ProFund VP Bull Plus):</b> <i>seeks daily investment results, before fees and expenses, that correspond to twice (200%) the daily performance of the S&amp;P 500<sup>®</sup> Index. If the ProFund VP UltraBull is successful in meeting its objective, its net asset value should gain approximately twice as much, on a percentage basis, as the S&amp;P 500<sup>®</sup> Index when the Index rises on a given day. Conversely, its net asset value should lose approximately twice as much, on a percentage basis, as the Index when the Index declines on a given day. Prior to May 1, 2003, ProFund VP UltraBull was named "ProFund VP Bull Plus" and sought daily investment results that corresponded to one and one-half times the daily performance of the S&amp;P 500<sup>®</sup> Index</i></p> | ProFund Advisors<br>LLC              |
| <p><b>The NASDAQ-100 Index<sup>®</sup> is a market capitalization weighted index that includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market.</b></p>   |   |                                      |
| NASDAQ 100  | <p><b>ProFund VP OTC:</b> <i>seeks daily investment results, before fees and expenses, that correspond to the daily performance of the NASDAQ-100 Index<sup>®</sup>. "OTC" in the name of ProFund VP OTC refers to securities that do not trade on a U.S. securities exchange, as registered under the Securities Exchange Act of 1934.</i></p>   | ProFund Advisors<br>LLC              |
| NASDAQ 100  | <p><b>ProFund VP UltraOTC:</b> <i>seeks daily investment results, before fees and expenses, that correspond to twice (200%) the daily performance of the NASDAQ-100 Index<sup>®</sup>. If ProFund VP UltraOTC is successful in meeting its objective, its net asset value should gain approximately twice as much, on a percentage basis, as the NASDAQ-100 Index<sup>®</sup> when the Index rises on a given day. Conversely, its net asset value should lose approximately twice as much, on a percentage basis, as the Index when the Index declines on a given day. "OTC" in the name of ProFund VP UltraOTC refers to securities that do not trade on a U.S. securities exchange, as registered under the Securities Exchange Act of 1934.</i></p>   | ProFund Advisors<br>LLC              |

| STYLE/<br>TYPE  | INVESTMENT OBJECTIVES/POLICIES  | PORTFOLIO<br>ADVISOR/<br>SUB-ADVISOR                                   |
|---|---|--|
| <p><b>The Russell 2000 Index<sup>®</sup> measures the performance of the 2,000 small companies in the Russell 3000 Index<sup>®</sup> representing approximately 8% of the total market capitalization of the Russell 3000 Index<sup>®</sup>, which in turn represents approximately 98% of the investable U.S. equity market.</b></p> |   |  |
| <p><b>RUSSELL<br/>2000</b></p>  | <p><b>ProFund VP UltraSmall-Cap:</b> seeks daily investment results, before fees and expenses, that correspond to twice (200%) the daily performance of the Russell 2000<sup>®</sup> Index. If ProFund VP UltraSmall-Cap is successful in meeting its objective, its net asset value should gain approximately twice as much, on a percentage basis, as the Russell 2000 Index<sup>®</sup> when the Index rises on a given day. Conversely, its net asset value should lose approximately twice as much, on a percentage basis, as the Index when the Index declines on a given day.</p>  | <p>ProFund Advisors<br/>LLC</p>  |
| <p><b>INTER-<br/>NATIONAL<br/>EQUITY</b></p>  | <p><b>The Prudential Series Fund, Inc. - SP Jennison International Growth:</b> seeks to provide long-term growth of capital. The Portfolio pursues its objective by investing in equity-related securities of foreign issuers that the Sub-advisor believes will increase in value over a period of years. The Portfolio invests primarily in the common stock of large and medium-sized foreign companies. Under normal circumstances, the Portfolio invests at least 65% of its total assets in common stock of foreign companies operating or based in at least five different countries. The Portfolio looks primarily for stocks of companies whose earnings are growing at a faster rate than other companies and that have above-average growth in earnings and cash flow, improving profitability, strong balance sheets, management strength and strong market share for its products. The Portfolio also tries to buy such stocks at attractive prices in relation to their growth prospects.</p> | <p>Prudential<br/>Investments LLC/<br/>Jennison Associates<br/>LLC</p> |

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Dow Jones has no relationship to the ProFunds VP, other than the licensing of the Dow Jones sector indices and its service marks for use in connection with the ProFunds VP. The ProFunds VP are not sponsored, endorsed, sold, or promoted by Standard & Poor's or NASDAQ, and neither Standard & Poor's nor NASDAQ makes any representations regarding the advisability of investing in the ProFunds VP.

## FIXED ALLOCATIONS

*The Policy offered pursuant to this Prospectus includes Fixed Allocations. These Fixed Allocations are not registered as a security with the Securities and Exchange Commission under either the Securities Act of 1933 or the Investment Company Act of 1940. The Fixed Allocations are not subject to these Acts. Information about the Fixed Allocations is included in this Prospectus to help you understand the features of the Policy. The staff of the Securities and Exchange Commission has not reviewed this information. However, the information may be subject to certain generally applicable provisions of the Federal securities laws regarding accuracy and completeness. The assets supporting Fixed Allocations are held in American Skandia's general account.*

**How does American Skandia determine the interest rate for Fixed Allocations?** We determine the interest rate we credit to Fixed Allocations based on our assessment of the earnings we expect to achieve when investing to support these obligations, our costs, competition, profit targets and other factors. We have sole discretion to determine the rates. However, the interest rate will never be less than 3.0% per year, compounded yearly.

**What charges apply to the Fixed Allocations?** No specific fee or expenses are deducted when determining the rate we credit to a Fixed Allocation. However, for some of the same reasons that we deduct the mortality and expense risk charge and the administration charge against Account Value allocated to the Sub-accounts, we also take into consideration mortality, expense, administration, profit and other factors in determining the interest rates we credit to Fixed Allocations. Any contingent deferred sales charge applies to amounts that are taken from the variable investment options or the Fixed Allocations.

## ACCOUNT VALUE AND CASH VALUE

**What is the Account Value?** The Account Value is the value of a Policy before any deduction for any contingent deferred sales charge and any Debt. It is the total of the Account Value allocated to each Sub-account and any Fixed Allocations plus any Account Value in the Loan Account. You may allocate Account Value to the variable investment options, which are each of the Sub-accounts of the Separate Account, or to Fixed Allocations. Any portion of the Account Value maintained in the Loan Account serves as collateral for outstanding Policy loans.

### How do we determine the Account Value?

**Variable Investment Options:** On each Valuation Date, the Account Value in any variable investment option you utilize equals the number of Units of the Sub-account you own multiplied by the current Unit Price for the Sub-account. When you allocate all or a portion of the Premium to an investment option or when you transfer Account Value into a variable investment option, Units are purchased using the then current Unit Price. When you take all or a portion of a distribution or benefit from a variable investment option or you transfer Account Value from a variable investment option, Units are sold at the then current Unit Price in order to fund that distribution, benefit or transfer.

**Fixed Allocations:** We credit a fixed rate of interest to Fixed Allocations. From time to time we declare interest rates applicable to new Fixed Allocations. Any change in interest rate does not affect Fixed Allocations that were in effect before the date of the change. If you make a Fixed Allocation, we credit the rate then in effect to that Fixed Allocation until the next Policy Anniversary. Once that Policy Anniversary is reached, we credit, for the next Policy Year, the then current rate applicable to new Fixed Allocations. This applies to all your Fixed Allocations then in effect. During each subsequent Policy Year, the rate we credit for that Policy Year is the one then in effect for new Fixed Allocations.

**Loan Account:** We credit interest to Account Value in the Loan Account at a different rate depending on whether the loan is a "preferred" loan or a "standard" loan. As of the date of this Prospectus, we currently credit interest to Account Value in the Loan Account at the rate of 6.0% per year, compounded yearly on "preferred" loans and 4.0% per year, compounded yearly on "standard" loans. See the section entitled "Loans" for a description of standard and preferred loans.

**What is the Cash Value?** The Cash Value is the total Account Value less any contingent deferred sales charge that would apply upon surrender, and any Debt.

**Do I have to maintain a minimum Cash Value?** If there is no Debt, you do not have to maintain a minimum Cash Value, except at the time you take a partial withdrawal.

If there is any Debt, there must always be enough Cash Value so that after we deduct any charges the Cash Value is more than zero. We will inform you if, on a Monthly Processing Date, your Cash Value equals or is less than zero. Such Monthly Processing Date will be the beginning of the "grace period" if your Cash Value equals or is less than zero. If the Cash Value is zero or less after we deduct charges, we send you a notice giving you a 61-day grace period to send us a required amount that you can pay if you wish to reestablish any Cash Value. The 61-day grace period is calculated based on the date that the Policy charges can no longer be deducted from the Policy.

## CASH VALUE CREDITS

**What are Cash Value Credits?** Cash Value Credits are amounts we credit to your Account Value based on growth in your Policy's Cash Value. We determine if your Policy is eligible for a Cash Value Credit on each Policy Anniversary. If your Policy qualifies to receive Cash Value Credits, we will credit 0.25% of your Policy's Cash Value to your Account Value on the applicable Policy Anniversary. Your Policy's eligibility for Cash Value Credit may change from year to year.

**How does my Policy qualify for Cash Value Credits?** To qualify for Cash Value Credits as of any Policy Anniversary, the Cash Value of your Policy must equal or exceed 200% (2X) of the Premiums you have paid as of the Policy Anniversary date. Whether your Cash Value meets or exceeds the trigger depends on the investment performance of the investment options, partial withdrawals, Debt and whether you pay back any loans or loan interest. Please note, even if your Account Value is greater than the Cash Value trigger, you may not have reached the trigger amount, since the Cash Value may be less than the Account Value because the Cash Value assumes that you surrender the Policy and are subject to the contingent deferred sales charge, as well as deducting for any Debt.

**Who pays for the Cash Value Credits, and how are they paid?** We pay for any Cash Value Credits out of our general account. Cash Value Credits primarily reflect our return of a portion of the fixed annual charges we deduct from the Separate Account on a daily basis for all Policy Owners. For Policies that qualify to receive Cash Value Credits, the Credits are provided as an alternative to lowering the fixed annual charges.

We allocate any Cash Value Credits due on the applicable Policy Anniversary to the variable investment options and Fixed Allocations in which you currently maintain Account Value. We make the allocations pro-rata based on the Account Value in the variable investment options and any Fixed Allocations on the applicable Policy Anniversary. No allocation is made to the Loan Account. Cash Value Credits cannot be used to repay Debt.

## **TRANSFERS AND ALLOCATION SERVICES**

**May I transfer Account Value between investment options?** You may transfer Account Value between investment options, but there are limits, as well as potential charges, which are discussed earlier in the question "What are the transaction costs and when are they deducted?" We permit the agent of record to make transfers on your behalf unless you give us other instructions.

**Are there any limits on transfers?** No transfers are permitted when the Policy is in its 61-day grace period (see "What is Lapse and Reinstatement of the Policy?" for more details regarding grace periods). In order to maintain Account Value in an investment option after transferring a portion of your Account Value out of that investment option, we reserve the right to require that there be at least \$500 in such investment option after the transfer. If, as a result of the transfer, there would be less than \$500 in an investment option, we reserve the right to transfer the remaining Account Value pro rata to the investment option(s) that you were transferring to. We retain the right to impose a limit of 20 free transfers per Policy Year, including transfers involving Fixed Allocations. Unless such a limit is in effect, there is no limit on the number of transfers that only involve variable investment options, or the number of transfers from variable investment options to make Fixed Allocations. However, we do limit each transfer from Fixed Allocations that are to be effective on any day other than a Policy Anniversary to the greater of 25% of the Account Value in your Fixed Allocations or \$1,000. If you make such a transfer from your Fixed Allocations, you cannot make another such transfer until either 90 days has passed or the next Policy Anniversary occurs. We also retain the right to refuse or limit transfers, either for one Owner or a group of Owners, if we believe there may be adverse consequences for other Owners.

We retain the right to refuse transfers, either for one Owner or a group of Owners, if we believe that: (a) excessive trading or a specific transfer request or group of transfer requests may have a detrimental effect on Unit Prices or the share prices of the Portfolios; or (b) we are informed by one or more of the Portfolios that the purchase or redemption of shares is to be restricted because of excessive trading or a specific transfer or group of transfers is deemed to have a detrimental effect on the share prices of affected Portfolios. Without limiting the above, the most likely scenario where either of the above could occur would be if the aggregate amount of a trade or trades represented a relatively large proportion of the total assets of a particular Portfolio. Under such a circumstance, we will process transfers according to our rules then in effect.

**What are allocation services?** Allocation services are programs that automatically transfer Account Value between investment options. We may waive or reduce the minimum amounts required for transfers noted above when your Policy is participating in certain allocation programs, including, but not limited to, static rebalancing programs. However, any limitations on transfers from Fixed Allocations also apply if any allocation services are being utilized.

**Does American Skandia support allocation services?** We support dollar cost averaging and static rebalancing programs. Dollar cost averaging allows you to systematically transfer an amount periodically from one investment option to one or more other investment options. With static rebalancing, you choose allocation percentages for the Sub-accounts into which you allocate Account Value. However, over time the performance of the variable investment options will differ, causing your percentage allocations to shift. Periodically, we will "rebalance" your allocations by transferring the appropriate amount from the "overweighted" Sub-accounts to the "underweighted" Sub-accounts to return your allocations to the percentages you request. We do not currently charge for supporting dollar cost averaging or static rebalancing.

We may also provide administrative support for various allocation programs that may be made available by your investment professional. These may include various asset allocation and market timing programs. In connection with such programs, we may support periodic withdrawals from your Policy to pay your investment professional. We only offer to support such programs according to our rules. These rules may include, but are not limited to, receipt of your authorization In Writing permitting an investment professional to make transfers between investment options on your behalf, or to enroll your Policy in one of the allocation programs for which we provide administrative support. We permit the agent of record to make transfers on your behalf unless you give us other instructions.



**Any investment professional you authorize may or may not be appointed by us as our agent for the sale of Policies.** However, we do not engage any agent of record or any third parties to offer investment allocation services of any type, so that persons or firms offering such services do so independent from any agency relationship they may have with us for the sale of Policies. We therefore take no responsibility for the investment allocations and transfers transacted on your behalf by such third parties, in accordance with any allocation programs employed by such third parties or any investment allocation recommendations made by such third parties. **While we offer support for a number of these programs as of the date of this Prospectus, we do not support all such programs and do not guarantee to always continue support for those programs we currently support or may support in the future. We do not charge you for the administrative support we provide to these third parties.**

## LOANS

**When can I take a loan?** We offer loans using your Account Value as collateral. We do not make loans available during the first Policy Year. Starting after the first Policy Year, we allow one loan each Policy Year. The Insured must be alive when you take a loan (if there are two Insureds, at least one must be alive when a loan is taken). Subject to our rules, on the Issue Date, we will establish a loan equal to the outstanding indebtedness on previous life insurance exchanged for a Policy.

**How are loans treated for tax purposes?** We treat loans as a distribution, similar to a partial withdrawal, in that: (a) amounts are deemed to come first from any gain in the Policy; (b) distributions of gain are subject to income tax as ordinary income; and (c) if the distribution occurs before the taxpayer's age 59½, there may be an additional 10% tax on any gain distributed.

**How much is available for a loan?** The maximum amount available as a loan is equal to 90% of your current Cash Value. The minimum amount you may borrow is the lesser of \$1,000 or 75% of the Cash Value.

**What happens to the Account Value if I take a loan?** When you take a loan, we transfer Account Value equal to the amount of the loan into the Loan Account. Account Value in the Loan Account is maintained in our general account. Unless you give us different instructions, the Account Value that we move on the Valuation Date will be in the same proportion as the Account Value in the variable investment options and the Fixed Allocations on that Valuation Date.

The impact of a loan on your Account Value may be positive or negative. At the time a loan is taken, there is no impact. However, if the interest rate credited to Account Value in the Loan Account is greater than what would be earned in the investment options, the loan will have a positive impact on your Account Value and on the Required Death Benefit. If the interest rate credited to Account Value in the Loan Account is less than what would be earned in the investment options, the loan will have a negative impact on your Account Value and on the Required Death Benefit.

**What are "preferred" loans and "standard" loans?** We determine what portion of a loan is a "preferred" loan and what portion is a "standard" loan at the time you take the loan. Whether a loan is "preferred" or "standard" depends on the source of the collateral to support the loan. We consider the Account Value moved to the Loan Account to come first from Growth. The portion of any outstanding loans supported by Account Value drawn from Growth is treated as a preferred loan. The portion of any outstanding loans supported by Account Value drawn from other than Growth is treated as a standard loan. A loan retains its character as "preferred" or "standard" until repaid.

**What is the interest rate charged on loans?** We charge interest on "preferred" and "standard" loans at the rate of 6.0% per year, compounded yearly, in arrears. Each Policy Anniversary that the loan is not repaid, we add an amount equal to any unpaid interest to your Debt.

**Does Account Value in the Loan Account earn interest?** We currently credit interest to Account Value in the Loan Account on "preferred" loans at the rate of 6.0% per year, compounded yearly. However, to the extent permitted by law, we retain the right to credit less, but never less than 4.0% per year, compounded yearly. We currently credit interest to Account Value in the Loan Account on "standard" loans at the rate of 4.0% per year, compounded yearly.

**Once a loan is taken, does American Skandia ever require more "collateral" in the Loan Account?** Yes. The Loan Account acts as collateral for any loans from us. We monitor the Debt and the Account Value in the Loan Account to ensure that they are equal to each other. Therefore, on each Policy Anniversary we equalize the Debt and the Account Value in the Loan Account. If the Debt is larger due to outstanding loan interest, we transfer Account Value equal to the difference pro-rata from the investment options and add it to the Loan Account.

**Am I required to repay my loan? What happens at the Insured's death if I have not repaid the loan?** You are not required to repay any loan(s) while the Insured is alive, except when an amount is due to keep the Policy in force or upon reinstatement. If there is any outstanding Debt when Death Proceeds are due, we subtract the Debt from the Death Benefit as part of the calculation of the Death Proceeds.

**What happens if I repay any portion of the loan?** The amount of Debt is reduced by the amount of any loan repayment. Loan repayments are used to repay "standard" loans first and "preferred" loans only after all "standard" loans have been repaid. Loan repayments reduce the amount of principal and loan interest proportionately based on the ratio between principal and loan interest as of the Valuation Date the loan repayment is applied. We allocate any loan repayment to the variable investment and fixed options pro-rata based on the Account Value in each investment option as of the Valuation Period we receive your loan repayment.

If the Account Value in the Loan Account then exceeds the Debt following your repayment of a portion of the Debt, we transfer the excess pro-rata to the investment options, which you are utilizing at that time. If any such amounts are allocated to a fixed investment option they will result in a new Fixed Allocation.

**Can I transfer a loan from a prior policy on an exchange?** Subject to our rules, we will establish a loan on a Policy that you purchase as part of an exchange that is not subject to current taxation in accordance with Section 1035 of the Code. The amount of the loan will be equal to the loan that was in effect before you surrendered your prior policy. Under our rules we will, among other things, increase the Account Value as of the Policy Date by the amount of the loan and allocate that portion of the increased Account Value to the Loan Account as collateral for the loan. By increasing the Account Value, there will be a corresponding increase in the Face Amount and the Required Death Benefit. In addition, for purposes of determining the Guaranteed Minimum Death Benefit, we will deem the "Premium" to be the amounts paid plus the loan amount as of the Policy Date. Any contingent deferred sales charge will be based on the actual amounts received, not such amounts plus the amount of the loan. All charges that are calculated as a percentage of your Account Value will increase because the Account Value will be increased by the amount of the loan. Currently, loans established as part of a 1035 exchange are treated as "preferred" loans pursuant to our current guidelines. We reserve the right to limit the amount of a transferred loan that we will consider "preferred".

## **PARTIAL WITHDRAWALS AND SURRENDER**

**When can I make a partial withdrawal?** We allow partial withdrawals while the Insured is alive up to a maximum of 90% of the Cash Value. However, you may not take a partial withdrawal until after the end of the right to cancel period where permitted by law. You may not make a partial withdrawal of less than \$1,000.

**When can I surrender my Policy?** You can surrender your Policy after the end of the right to cancel period as long as the Insured is alive. If you surrender your Policy, we will pay you the Policy's Cash Value.

**What happens to the Account Value if I take a partial withdrawal?** When you take a partial withdrawal, we reduce your Account Value by an amount equal to the amount of the partial withdrawal. Unless you give us different instructions, we take Account Value from the variable investment options and the Fixed Allocations in the same proportion as your Account Value in the investment options on the Valuation Date we take such Account Value. If you have multiple Fixed Allocations, amounts are taken on a "last in, first out" basis. Any Account Value in the Loan Account is not available for a partial withdrawal.

**Is there a charge for a partial withdrawal?** We charge any applicable contingent deferred sales charge on the portion of any partial withdrawal that is not treated as a "free withdrawal" or for which we waive such charges under the medically-related waiver provision. We take these charges pro-rata from the investment options in the same manner we take the Account Value as a result of the partial withdrawal.

**What amount can I take as a free withdrawal?** In any Policy Year the maximum amount you can take as a free withdrawal is the greater of Growth or 10% of the Premium.

The following examples may help show what this means. For each example, assume that the Premium was \$50,000.

- Assume the Account Value as of the Valuation Day we process your partial withdrawal is \$60,000. You request a partial withdrawal of \$25,000. Assume also that you have not requested any other partial withdrawals during this Policy Year. The free withdrawal amount is the greater of Growth, which is the current Account Value (\$60,000) less the Premium (\$50,000), or \$10,000, or 10% of the Premium, which is \$5,000. Therefore, we treat \$10,000 as the free withdrawal portion of this partial withdrawal. Assuming that this partial withdrawal request occurs during the "surrender charge period," we would assess the then applicable contingent deferred sales charge on \$15,000, which is the portion of the partial withdrawal that exceeds the free withdrawal amount. The contingent deferred sales charge

would apply to the full amount of any subsequent partial withdrawal you request during the same Policy Year that was not eligible for a medically-related waiver.

- Assume the Account Value as of the Valuation Day we process your partial withdrawal request for the "maximum free withdrawal amount" is \$47,000. Assume also that you have not requested any other partial withdrawals during this Policy Year. Since the Account Value is less than the Premium, Growth is zero. Therefore, the maximum free withdrawal amount equals 10% of the Premium, or \$5,000. Assuming that this partial withdrawal request occurs during the "surrender charge period," and there is no subsequent Growth in that Policy Year, the contingent deferred sales charge would apply to any subsequent surrender or partial withdrawal that Policy Year that was not eligible for a medically-related waiver.

**Does a partial withdrawal affect the Death Benefit?** A partial withdrawal reduces the Account Value and, because the Account Value is used in calculating the Required Death Benefit, the Required Death Benefit is reduced. Partial withdrawals also reduce the Guaranteed Minimum Death Benefit, in the same proportion as the Account Value is reduced by the partial withdrawal.

## **MEDICALLY-RELATED WAIVER**

**What is a medically-related waiver?** A medically-related waiver is a waiver of the contingent deferred sales charge that would otherwise apply to a partial withdrawal or surrender. A medically-related waiver is available by rider to the Policy and is currently at no charge to you.

**How do I qualify for a medically-related waiver?** We will waive the contingent deferred sales charge, where allowed by law, if you provide us with proof satisfactory to us In Writing that the Insured (the last surviving Insured if there is more than one Insured) has continuously been confined to a long term care facility, such as a nursing home or a hospital, as defined in the rider, and that such confinement started after the Issue Date. Other requirements may apply.

**Are there any restrictions on medically-related waivers?** We will only allow the medically-related waiver on amounts up to \$500,000. The \$500,000 maximum will apply regardless of when taken, on any life insurance policy or annuity contract issued by American Skandia where the Insured under this Policy is named as the Insured, Owner or Annuitant under the other policy or contract. **NOTE: Where allowed by law, Policies issued to an Insured(s) in a substandard risk class may not be eligible for a medically-related waiver.**

**What happens to the remaining benefits if American Skandia makes such a payment in connection with a partial withdrawal?** A partial withdrawal for which we grant a medically-related waiver has the same impact on the remaining benefits that results from any other partial withdrawal. We simply do not deduct the contingent deferred sales charge that otherwise would apply.

## **WHO IS AMERICAN SKANDIA?**

American Skandia Life Assurance Corporation ("American Skandia") is a stock life insurance company domiciled in Connecticut with licenses in all 50 states, the District of Columbia and Puerto Rico. American Skandia is a wholly-owned subsidiary of American Skandia, Inc. ("ASI"). American Skandia markets its products to broker-dealers and financial planners through an internal field marketing staff. In addition, American Skandia markets through and in conjunction with financial institutions such as banks that are permitted directly, or through affiliates, to sell annuities.

American Skandia is in the business of issuing annuity and life insurance products. American Skandia currently offers the following products: (a) flexible premium deferred annuities and single premium fixed deferred annuities that are registered with the SEC; (b) certain other fixed deferred annuities that are not registered with the SEC; (c) both fixed and variable immediate adjustable annuities; and (d) a single premium variable life insurance policy that is registered with the SEC.

On December 20, 2002, Skandia Insurance Company Ltd. (publ), an insurance company organized under the laws of the Kingdom of Sweden ("Skandia"), and on that date, the ultimate parent company of American Skandia, announced that it and Skandia U.S. Inc. had entered into a definitive Stock Purchase Agreement with Prudential Financial, Inc., a New Jersey corporation ("Prudential Financial"). Under the terms of the Stock Purchase Agreement, Prudential Financial will acquire Skandia U.S. Inc., a Delaware corporation, from Skandia. Skandia U.S. Inc. is the sole shareholder of ASI, which is the parent company of American Skandia. The transaction is expected to close during the second quarter of 2003.

Prudential Financial is a New Jersey insurance holding company whose subsidiary companies serve individual and institutional customers worldwide and include The Prudential Insurance Company of America, one of the largest life insurance companies in the U.S. These companies offer a variety of products and services, including life insurance, property and casualty insurance, mutual funds, annuities, pension and retirement related services and administration, asset management, securities brokerage, banking and trust services, real estate brokerage franchises, and relocation services.

No company other than American Skandia has any legal responsibility to pay amounts that it owes under its annuity and variable life insurance contracts. However, following the closing of the acquisition, Prudential Financial will exercise significant influence over the operations and capital structure of American Skandia.

## **SEPARATE ACCOUNT F**

The benefits provided by the Policy are our obligations. The assets supporting our obligations equaling the Account Value allocated to the variable investment options are held in our Separate Account F. We maintain assets in our general account to support our obligations: (1) equal to the Account Value allocated to the fixed option; (2) equal to the Account Value in the Loan Account; (3) for any settlement option; and (4) for any other obligation we may have in relation to a Policy.

The Separate Account was established under the laws of the State of Connecticut. Assets in the Separate Account may support obligations created in relation to the Policies described in this Prospectus or other policies we offer. We are the legal owner of the assets in the Separate Account. Income, gains and losses, whether or not realized, are credited or charged to the Separate Account according to the terms of the Policies and any other policies supported by the assets in the Separate Account without regard to our other income, gains or losses or to the income, gains or losses in any other of our separate accounts. We will maintain assets in the Separate Account with a total market value at least equal to the reserves and other liabilities we must maintain in relation to the life insurance policies supported by such assets. These assets may only be charged with liabilities that arise from such life insurance policies.

Separate Account F is registered with the U.S. Securities and Exchange Commission (the "SEC") under the Investment Company Act of 1940 as a unit investment trust, which is a type of investment company. This does not involve any supervision by the SEC of the investment policies, management or practices of the Separate Account or of us. The Separate Account meets the definition of "separate account" under the federal securities law.

The only Sub-accounts available to you are those offered in this Prospectus. These Sub-accounts are available as investment options for other policies we offer. Sub-accounts are permitted to invest in Portfolios we consider suitable. The Portfolios in which the Sub-accounts invest are available to Sub-accounts of other separate accounts, including separate accounts we use in relation to a number of variable annuities. Separate accounts of other insurers and of various qualified retirement plans may also invest in the Portfolios.

We reserve the right to combine Separate Account F or a portion thereof with other separate accounts; deregister Separate Account F under the Investment Company Act of 1940; operate Separate Account F as a management investment company under the Investment Company Act of 1940 or in any other form permitted by law; make changes required by any change in the Securities Act of 1933, the Securities Exchange Act of 1934 or the Investment Company Act of 1940; make changes that are necessary to maintain the tax status of your Policy under the Code; and make changes required by any change in other Federal or state laws relating to life insurance policies in general or variable life insurance policies in particular.

We also reserve the right to make changes to the Sub-accounts available under the Policy as we determine appropriate. We may offer new Sub-accounts, eliminate Sub-accounts, or combine Sub-accounts at our sole discretion. We may also close Sub-accounts for Policies purchased on or after specified dates. We may also substitute an underlying mutual fund or portfolio of an underlying mutual fund for another underlying mutual fund or portfolio of an underlying mutual fund, subject to our receipt of any exemptive relief that we are required to obtain under the Investment Company Act. We will notify Owners of changes we make to the Sub-accounts available under the Policy.

***Values and benefits based on allocations to the Sub-accounts will vary with the investment performance of the Portfolios, as applicable. We do not guarantee the investment results of any Sub-account. Your Account Value allocated to the Sub-accounts may increase or decrease. You bear the entire investment risk. There is no assurance that the Account Value of your Policy will equal or be greater than the total of the Premium you submit to us.***

## THE PORTFOLIOS

Each underlying mutual fund is registered as an open-end management investment company under the Investment Company Act. Shares of the underlying mutual fund portfolios are sold to separate accounts of life insurance companies offering variable annuity and variable life insurance products. The shares may also be sold directly to qualified pension and retirement plans.

### VOTING RIGHTS

You have voting rights in relation to Account Value maintained in the Sub-accounts. You do not have voting rights in relation to Account Value maintained in any Fixed Allocations, in the Loan Account or in relation to fixed payments under a settlement option.

We will vote shares of the Portfolios in which the Sub-accounts invest in the manner directed by Owners, unless we, in our sole discretion, determine that we are required by law or regulation to vote otherwise. Owners have voting rights equal to the number of shares represented by the Sub-account Units attributable to their Policy.

We will vote the shares attributable to assets held in the Sub-accounts solely for us rather than on behalf of Owners, or any share as to which we have not received instructions, in the same manner and proportion as the shares for which we have received instructions. We will do so separately for each Sub-account from various classes that may invest in the same underlying mutual fund portfolio.

The number of votes for a Portfolio will be determined as of the record date for such Portfolio as chosen by its board of trustees or board of directors, as applicable. We will furnish Owners with proper forms and proxies to enable them to instruct us how to vote.

You may instruct us how to vote on the following matters: (a) changes to the board of trustees or board of directors, as applicable; (b) changing the independent accountant; (c) approval of changes to the investment advisory agreement or adoption of a new investment advisory agreement; (d) any change in the fundamental investment policy; and (e) any other matter requiring a vote of the shareholders.

With respect to approval of changes to the investment advisory agreement, approval of a new investment advisory agreement or any change in fundamental investment policy, only Owners maintaining Account Value as of the record date in a Sub-account investing in the applicable Portfolio will instruct us how to vote on the matter, pursuant to the requirements of Rule 18f-2 under the Investment Company Act of 1940.

American Skandia Trust (the "Trust") has obtained an exemption from the Securities and Exchange Commission that permits its investment adviser, American Skandia Investment Services, Incorporated ("ASISI"), subject to approval by the Board of Trustees of the Trust, to change sub-advisors for a Portfolio and to enter into new sub-advisory agreements, without obtaining shareholder approval of the changes. This exemption (which is similar to exemptions granted to other investment companies that are organized in a similar manner as the Trust) is intended to facilitate the efficient supervision and management of the sub-advisors by ASISI and the Trustees. The Trust is required, under the terms of the exemption, to provide certain information to shareholders following these types of changes. Other underlying mutual funds available as variable investment options under this Policy are seeking or may have obtained similar exemptions from the Securities and Exchange Commission.

### RESOLVING MATERIAL CONFLICTS

The Portfolios may be available to registered separate accounts offering either or both life and annuity contracts of insurance companies not affiliated with us. We also may offer life insurance policies and/or annuity contracts that offer different variable investment options from those offered under this Policy, but which invest in the same Portfolios. It is possible that differences might arise between our Separate Account F and one or more accounts of other insurance companies which offer a Portfolio as a Sub-account. It is also possible that differences might arise between a Sub-account offered under this Policy and variable investment options offered under different life insurance policies or annuities we offer, even though such different variable investment options invest in the same Portfolio. In some cases, it is possible that the differences could be considered "material conflicts." Such a "material conflict" could also arise due to changes in the law (such as state insurance law or Federal tax law) which affect either these different life and annuity separate accounts or differing life insurance policies and annuities. It could also arise by reason of differences in voting instructions of persons with voting rights under our policies and/or annuities and those of other companies, persons with voting rights under annuities and those with rights under life policies, or persons with voting rights under one of our life policies or annuities with those under other life policies or annuities we offer. It could also arise for other reasons. We will monitor events so we can identify how to respond to such conflicts. If such a conflict occurs, we will take the necessary action to protect persons with voting rights under our life policies or annuities vis-a-vis those with rights under life policies or annuities offered by other insurance companies. We will also take the necessary action to treat equitably persons with voting rights under this Policy and any persons with voting rights under any other life policy or annuity we offer.

### **SERVICE FEES PAYABLE TO AMERICAN SKANDIA**

American Skandia or our affiliates have entered into agreements with the investment adviser or distributor of many of the underlying Portfolios. Under the terms of these agreements, American Skandia provides administrative and support services to the Portfolios for which a fee is paid that is generally based on a percentage of the average assets allocated to the Portfolios under the Policy. Any fees payable will be consistent with the services rendered or the expected cost savings resulting from the arrangement. These agreements may be different for each underlying mutual fund whose portfolios are offered as Sub-accounts.

### **DISTRIBUTION OF THIS OFFERING**

American Skandia Marketing, Incorporated ("ASM"), a wholly-owned subsidiary of American Skandia, Inc. acts as the principal underwriter of the Policies. ASM was incorporated under the laws of the State of Delaware on September 8, 1987. ASM's principal business address is One Corporate Drive, Shelton, Connecticut 06484. ASM acts as the distributor of a number of annuity and life insurance products we offer and both American Skandia Trust and American Skandia Advisor Funds, Inc., a family of retail mutual funds. ASM also acts as an introducing broker-dealer through which it receives a portion of brokerage commissions in connection with purchases and sales of securities held by portfolios of American Skandia Trust which are offered as underlying investment options under the Policy. ASM is a broker-dealer registered with the SEC under the 1934 Act and a member of the National Association of Securities Dealers, Inc. ("NASD").

ASM will enter into distribution agreements with certain broker-dealers registered under the Securities and Exchange Act of 1934 or with entities which may otherwise offer the Policies that are exempt from such registration. In addition, ASM may offer Policies directly to potential purchasers. Generally, the maximum initial commission to be paid on premiums received is 8.5%. However, we may pay higher amounts under certain situations. In addition, a portion of compensation may be paid from time to time based on all or a portion of either the Account Value or the Cash Value. We reserve the right to base commissions from time-to-time on the investment options chosen by Owners, including investment options that may be deemed our "affiliates" or "affiliates" of ASM under the Investment Company Act of 1940.

We may pay an on-going service fee in relation to providing certain statistical information upon request by Owners about the investment options and the Portfolios. We may make the fee payable to the service providers based on either the Account Value or Cash Value of Policies. Under most circumstances, we will engage the broker-dealer of record for your Policy, or the entity of record if such entity could offer Policies without registration as a broker-dealer (i.e. certain banks), to be your resource for the statistical information, and to be available upon your request to both provide and explain such information to you. The broker-dealer of record or the entity of record is the firm which sold you the Policy, unless later changed. Some portion of the fee we pay for this service may be payable to your representative.

From time to time, as permitted by law, we may promote the sale of our products such as the Policies offered pursuant to this Prospectus through programs of non-cash rewards to registered representatives of participating broker-dealers. We may withdraw or alter such promotions at any time.

To the extent permitted, we may advertise certain information regarding the performance of the investment options that does not take into consideration the effect of the contingent deferred sales charge, the sales charge, the cost of insurance charge, the mortality and expense risk charge, administration fee, or the maintenance fee (if applicable). This performance information may help you review the performance of the investment options and provide a basis for comparison between the Policy's investment options. This information may be less useful when comparing the performance of the investment options with the performance of investment options provided in other variable life policies because each plan of life insurance will have its own applicable charges. This information is even less useful in comparing performance to that of any savings or investment vehicle, rather than variable life insurance.

Performance information on the Sub-accounts is based on past performance only and is no indication of future performance. Actual performance will depend on the type, quality and, for some of the Sub-accounts, the maturities of the investments held by the Portfolios and upon prevailing market conditions and the response of the Portfolios to such conditions. Actual performance will also depend on changes in the expenses of the Portfolios. Such changes are reflected, in turn, in the Sub-accounts which invest in such Portfolios. In addition, the charges deducted from your Account Value and those assessed against each Sub-account will affect performance.

Certain of the Portfolios existed prior to the inception of the Sub-accounts available under the Policy. To the extent permitted by applicable law, performance quoted in advertising regarding such Sub-accounts may indicate periods during which the Portfolios have been in existence but prior to the inception of the Sub-account(s) or the initial offering of the Policies. Such performance is considered hypothetical historical performance because the Sub-accounts did not exist during the period the performance was achieved. Such hypothetical historical performance is calculated using the same assumptions employed in calculating historical

performance since inception of the Sub-accounts. Any such historical performance will be based on assumptions. These include assumptions regarding: (a) the Age, tobacco usage class, risk class and gender, where applicable, of an Insured or Insureds; (b) the Premium and Policy Date; and (c) assumptions about a lack of transfers, loans, loan repayments and withdrawals during the period for which performance is quoted.

American Skandia Life Assurance Corporation may advertise its rankings and/or ratings by independent financial ratings services. Such rankings may help you in evaluating our ability to meet our obligations in relation to Fixed Allocations, pay Death Proceeds, make payments under any settlement options or administer Policies. Such rankings and ratings do not reflect or relate to the performance of Separate Account F or the underlying Portfolios.

## TAX CONSIDERATIONS

The following is a brief summary of certain Federal tax laws as they are currently interpreted. No one can be certain that the laws or interpretations will remain unchanged or that agencies or courts will always agree as to how the tax law or regulations are to be interpreted. This discussion is not intended as tax advice. You may wish to consult a professional tax advisor for tax advice as to your particular situation.

**Is gain in the Policy taxed every year?** Under most circumstances, any gain in the Policy is not taxed currently. However, if you assign or pledge the Policy, we expect to report any gain in the Policy as then currently taxable as ordinary income. In addition, except in the case of a partial assignment as of the Policy Date, we expect to report gain in the Policy as currently taxable in each tax year the assignment remains in effect.

**How are amounts that I receive before the Insured's death taxed?** Amounts you receive as a partial withdrawal, a loan or if you surrender the Policy are deemed for income tax purposes to come first from any gain in the Policy. Any gain is taxed as ordinary income. Any portion of these types of distributions representing gain in the Policy may be subject to a 10% tax penalty if taken before your age 59½.

**Will my Beneficiary pay taxes on the Death Proceeds?** Under most circumstances, the Beneficiary does not pay any income tax on the Death Proceeds.

**Our taxation:** We are taxed as a life insurance company under Part I, subchapter L, of the Code.

**Treatment as "life insurance":** The Policy was designed to qualify as a life insurance contract under the Code. All terms and provisions of the Policy shall be construed in a manner which is consistent with that design. In order to qualify as a life insurance contract for federal income tax purposes and to receive the tax treatment normally accorded life insurance under federal tax law, a policy must satisfy certain requirements established by the Code. We believe the Policy satisfies the applicable requirements. If we determine that a Policy does not satisfy the applicable requirements, we may take appropriate action to conform the Policy to the applicable requirements. This action may require making certain changes to your Policy which could include the return of a portion of your premium and the earnings thereon and the imposition of higher cost of insurance charges in the future. We will notify you before making any such changes.

**Treatment as a "modified endowment contract":** Under most circumstances, taxes on any gain in the Policy are 'deferred' and not taxed every year. Unless your Policy is established as part of an eligible exchange of a life insurance policy entered into before June 21, 1988, amounts you receive as a partial withdrawal, a loan or as a surrender are taxed in the same manner as distributions from a deferred annuity before annuity payments begin. This means that these types of distributions are deemed to come first from any gain in the policy and that any gain is treated as ordinary income. It also means that distributions of gain may be subject to a 10% tax penalty if taken before age 59½. Under most circumstances, the Beneficiary will not pay any income tax on the Death Proceeds.

**Assignment:** If you assign or pledge any portion of the Policy, the transaction is treated as a distribution subject to taxation as ordinary income. The tax penalty noted above may apply. In addition, except in the case of a partial assignment as of the Policy Date, we expect to report gain in the Policy as currently taxable in each tax year the assignment remains in effect.

**Gifts:** If you give your Policy as a gift to an entity for which you are not the taxpayer or to anyone other than your spouse (or former spouse incident to a divorce), the gift is treated for tax purposes as a distribution.

**Aggregation rules:** You may purchase more than one life insurance policy from us in the same calendar year that is treated under the Code as a "modified endowment contract," including the Policy described in this Prospectus. If you do, all such policies are subject to "aggregation rules." Under these rules, all of these policies must be treated as one modified endowment contract when determining the portion of any distribution or deemed distribution which is currently taxable.

**Exchanges:** Section 1035 of the Code permits certain income tax-free exchanges of life insurance policies. You must comply with various requirements for such exchanges to be treated as tax-free, which include, but are not limited to: (a) the need for the insured to be the same individual or individuals before and after the exchange; (b) the need for the owner(s) to be the same before and after the exchange; and (c) the need to have the Debt on a Policy as of the date all premium is received equal to any outstanding indebtedness on the life insurance exchanged for the Policy. If you exchange a life insurance policy considered entered into before June 21, 1988 and which is not a modified endowment contract, we believe the new policy generally will not be treated as a modified endowment contract if no additional premium is paid. For those Policies not treated as modified endowment contracts, we believe that loans are not treated as distributions and withdrawals are deemed to come first from your investment in the policy. In addition, we believe that the aggregation rules as well as the tax treatment of assignments, pledges and gifts, noted above, would not apply. However, we cannot guarantee this tax treatment and advise you to consult your tax advisor before exchanging any existing life insurance policy.

There is no guidance from the Internal Revenue Service as to whether a partial exchange from a life insurance contract is eligible for non-recognition treatment under Section 1035 of the Code for such transactions. In addition, please be cautioned that no specific guidance has been provided as to the impact of such a transaction for the remaining life insurance policy, particularly as to the subsequent methods to be used to test for compliance under the Code for both the definition of life insurance and the definition of a modified endowment contract.

As of the date of this Prospectus, we continue to report partial surrenders of life insurance policies as subject to current taxation to the extent of any gain. However, we may change our reporting procedures to treat certain of these transactions as partial 1035 exchanges. Should we do so, we reserve the right to report transactions that may have been designed to receive partial 1035 exchange treatment as partial surrenders subject to current taxation if we, as a reporting and withholding agent, believe that we would be expected to deem a transaction to be abusive.

**Transfers between investment options:** Transfers between investment options are not subject to taxation. The Treasury Department may promulgate guidelines under which a variable life insurance policy will not be treated as life insurance for tax purposes if persons with ownership rights have excessive control over the investments underlying such a policy. Such guidelines may or may not address the number of investment options or the number of transfers between investment options offered. It is not known whether such guidelines, if in fact promulgated, would have retroactive effect. It is also not known what effect, if any, such guidelines may have on transfers between the investment options of the Policy offered pursuant to this Prospectus. We will take any action, including modifications to your Policy or the Sub-accounts, required to comply with such guidelines if promulgated.

**Generation skipping transfers:** Under the Code certain taxes may be due when all or part of a life insurance policy is transferred to or a death benefit is paid to an individual two or more generations younger than the policy holder. These generation-skipping transfers generally include those subject to federal estate or gift tax rules. There is an aggregate \$1.1 million exemption from tax on all such transfers. We may be required to determine whether a transaction is a direct skip as defined in the Code and the amount of the resulting tax. We will deduct from your Policy or from any applicable payment treated as a direct skip any amount of tax we are required to pay. You should consult with competent tax counsel for more information on generation skipping transfers.

**Diversification:** Section 817(h) of the Code provides that a variable life insurance policy, in order to qualify as life insurance, must have an "adequately diversified" segregated asset account (including investments in a mutual fund by the segregated asset account of insurance companies). The Treasury Department's regulations prescribe the diversification requirements for variable life insurance policy. We expect the underlying mutual fund portfolios to comply with the terms of these regulations.

**Withholding:** Section 3405 of the Code provides for Federal income tax withholding on the portion of a distribution which is includible in the gross income of the recipient. Amounts to be withheld depend upon the nature of the distribution. However, under most circumstances a recipient may elect not to have income taxes withheld or have income taxes withheld at a different rate by filing a completed election form with us. A withholding form may be required.

**Accelerated Death Benefits:** Payments of amounts that otherwise would be payable to the Beneficiary as a result of an Insured's death can qualify for the same tax-free treatment as death benefits if certain requirements are met. These include requirements regarding the terminal illness of the Insured. We believe payments under the provisions of the accelerated death benefit of the Policy will meet the requirements of the Code and the regulations in order to qualify as tax-free payments. A qualified tax advisor should be consulted as to any federal gift and estate tax consequences of an Owner's exercise of the Accelerated Death Benefit provision and payment of the proceeds under this provision to the Insured or other parties.



**Survivorship Policies:** The Code does not directly address how certain features of a policy paying on the death of a surviving insured should be treated. We believe such a policy should be treated as other life insurance policies, but there is some uncertainty as to whether that is the case. If the surviving Insured is an Owner, the Death Proceeds payable as a result of the death of the last surviving Insured generally will be treated as part of the Owner's estate for purposes of the Federal estate tax. If the surviving Insured was not an Owner, the replacement cost of the Policy would be included in the estate of the Owner upon his or her death and Death Proceeds payable as a result of the death of the surviving Insured are includible in the person's estate if the proceeds are payable to or for the benefit of that person's estate or if the surviving Insured held incidents of ownership in the Policy within three years prior to death.

**Substandard Risk Classes:** The Code provides limited guidance on the proper tax treatment of policies issued on a substandard basis (i.e. those in a substandard risk class). The Code limits the amount we can charge for mortality costs and other expenses we use when we calculate whether your Policy qualifies as life insurance under the Code. We are required to base our calculations on reasonable mortality and other charges reasonably expected to be paid. We believe that the charges used for your Policy should meet the current requirement for "reasonableness." However, we reserve the right to make changes to the current and guaranteed mortality charges and factors used to determine the Required Death Benefit, if new regulations or guidance is issued that requires a change to ensure that your Policy qualifies as life insurance under the Code. This could result in a change in your Death Benefit and/or the return of a portion of your premiums and the earnings thereon. We will continue to monitor this situation.

**Other Taxes:** Amounts received or deemed received from a Policy that may be subject to Federal income tax also may be subject to state income taxes. The fair market value of a Policy or the Death Proceeds may be included under certain circumstances in an estate for purposes of state inheritance taxes or Federal estate taxes. Federal estate and gift taxes are integrated for various purposes. An unlimited marital deduction may apply for purposes of Federal estate and gift taxes, which would allow deferral of taxes until the death of the surviving spouse.

## MISCELLANEOUS PROVISIONS

### TRANSFERS, ASSIGNMENTS, PLEDGES

Generally, your rights in a Policy may be transferred, assigned or pledged at any time. These transactions may be subject to income taxes and certain penalty taxes. You may transfer, assign or pledge your rights to another person at any time, prior to the death upon which the Death Benefit is payable. You must request a transfer or provide us a copy of the assignment In Writing. A transfer or assignment is subject to our acceptance. We will not be deemed to know of or be obligated under any assignment prior to our receipt and acceptance thereof. We assume no responsibility for the validity or sufficiency of any assignment.

### INCONTESTABILITY

We may not contest the validity of a Policy after it has been in effect during the Insured's lifetime for two years from the Issue Date. If there are two Insureds, this applies to the lifetime of either Insured. If the Policy is reinstated, to the extent permitted by law, we may not contest the validity of a Policy after it has been in effect for two years from the date of the reinstatement.

### SUICIDE

If an Insured commits suicide within two years of the Issue Date (or whatever maximum period is permitted under law) or the date of a reinstatement if allowed by law, the Death Benefit will be the greater of: (a) Premium paid less any outstanding Debt and any partial withdrawals; or (b) the Cash Value. All other requirements as to calculation and payment of Death Proceeds will apply.

### MISSTATEMENT

If there has been a misstatement of age or gender of an Insured, all values under the Policy, including the amount of the Death Proceeds, will be recalculated from the Issue Date of the Policy based on the correct age and gender. We will do so as specified in the Policy and as permitted by law.

### BACKDATING

Depending on your Age at the time you apply for a Policy, it may be advantageous to have the Policy Date be earlier than the Issue Date. This is known as "backdating." Doing so may enable you to qualify for lower cost of insurance charges. We only permit backdating if: (a) doing so will qualify you for a lower cost of insurance charge; and (b) the Policy Date is no earlier than the date the Application is signed and in no case more than 90 days before the Issue Date. If you elect backdating, on the Issue Date we will deduct charges that would have been deducted as of the Policy Date and any Monthly Processing Dates between the Policy Date and the Issue Date. To the extent permitted by law, we do not guarantee any increase in the Account Value for the period between the Policy Date and the Issue Date. However, we also reserve the right, to the extent permitted by law, to credit you a fixed rate of interest for such period.

## **PRICING TRANSACTIONS**

We "price" charges, transfers, distributions and payments on the date indicated below. If such transactions are scheduled to occur on other than a Valuation Day, we price such transactions as of the following Valuation Period:

- "Scheduled" transactions such as monthly deductions, transfers and distributions are "priced" according to the next Unit Price computed after the date such transactions are scheduled to occur. However, if a transaction is "scheduled" to occur on a day other than a Valuation Day, such transaction will be processed and priced on the next Valuation Day following the scheduled transaction. "Scheduled" transactions include, but are not limited to, all charges deducted on a Monthly Processing Date, equalization of Debt and the Account Value in the Loan Account on a Policy Anniversary, transfers under a dollar cost averaging program or transfers previously scheduled with us at our Office as part of any rebalancing, asset allocation or similar program, or any program of scheduled distributions.
- "Unscheduled" transactions such as transfers, loans or partial withdrawals that are not subject to the medically-related waiver provision are "priced" according to the next Unit Price computed after we receive the request for such transactions at our Office. "Unscheduled" transfers include any transfers processed in conjunction with any market timing program, or transfers not previously scheduled with us at our Office pursuant to any rebalancing, asset allocation or similar program which you employ or you authorize to be employed on your behalf. "Unscheduled" transfers received pursuant to an authorization to accept transfer instructions using voice or data transmission over the phone are priced as of the Valuation Period we receive the request at our Office for such transactions. We price unscheduled payments sent to us as of the date we receive such amounts at our Office. These include loan repayments, payments to keep a Policy in effect during a grace period or a reinstatement payment.
- We price surrenders, withdrawals subject to the medically-related waiver provision, accelerated death benefit payments and payment of Death Proceeds as of the date we receive at our Office all materials we require for such transactions and such materials are satisfactory to us.

## **DELAYING TRANSACTIONS**

We may defer any distribution or transfer from a Fixed Allocation or any payment under a fixed settlement option for a period not to exceed the lesser of six (6) months or the period permitted by law. If we defer a distribution or transfer from any Fixed Allocation or any payment under a settlement option for more than thirty days, or less where required by law, we pay interest at the minimum rate required by law but not less than 3% per year on the amount deferred. We may defer payment of proceeds of any distribution from any Sub-account or any transfer from a Sub-account for a period not to exceed seven (7) calendar days from the date the transaction is effected. This is a delay in payment only, and is not a delay in the pricing of any such distribution or transfer. Any deferral period begins on the date such distribution or transfer would otherwise have been transacted.

All procedures, including distributions, based on the valuation of the Sub-accounts may be postponed during the period: (1) the New York Stock Exchange is closed (other than customary holidays or weekends) or trading on the New York Stock Exchange is restricted as determined by the SEC; (2) the SEC permits postponement and so orders; or (3) the SEC determines that an emergency exists making valuation or disposal of securities not reasonably practical.

## **REPORTS**

We send any statements and reports required by applicable law or regulation to you at your last known address of record. You should therefore give us prompt notice of any address change. We reserve the right, to the extent permitted by law and subject to your consent, to provide any prospectus, prospectus supplements, confirmations, statements and reports required by applicable law or regulation to you through our Internet Website at <http://www.americanskandia.com> or any other electronic means, including diskettes or CD ROMs. We send a confirmation statement to you each time an unscheduled transaction is made affecting Account Value. Such transactions will generally include changes in investment allocation or transfers among investment options, loans and loan repayments, partial surrenders or withdrawals, and any charges associated with such unscheduled transactions. We also send quarterly statements detailing the activity affecting your Policy during the prior quarter, including all scheduled and unscheduled transactions. To the extent permitted by law, some types of scheduled transactions will only be confirmed on a quarterly basis. Such transactions will generally include those pre-authorized charges deducted on the Monthly Processing Date. You may request additional reports. We reserve the right to charge up to \$50 for each such additional report.

You should review the information in these statements carefully. Any errors or corrections on transactions for your Policy must be reported to us at our Office as soon as possible to assure proper crediting to your Policy. For transactions that are confirmed immediately, we assume all transactions are accurate unless you notify us otherwise within 30 days from the date you receive the confirmation. For transactions that are first or only confirmed on the quarterly statement, we assume all transactions are accurate unless you notify us within 30 days from the date you receive the quarterly statement. We may also send an annual report and a semi-annual report containing applicable financial statements for the Separate Account and the Portfolios, as of December 31 and June 30,

respectively, to you or, with your prior consent, make such documents available electronically through our Internet Website or other electronic means.

#### **ENTIRE CONTRACT**

For any Policy issued, the entire contract between you and us includes the Policy form and any of the following which may be attached to the Policy: riders or endorsements, the copy of any Application and endorsements. All statements made in any Application are deemed to be representations and not warranties. No statement is used to void a Policy or defend a claim unless it is contained in any Application attached to the Policy.

Only our President, one of our Vice Presidents or our Secretary may change or waive any provisions of a Policy. Any change or waiver must be In Writing. To the extent permitted by law, we are not bound by any promises or representations made by or to any other person.

#### **LEGAL MATTERS**

Counsel for American Skandia Life Assurance Corporation has passed on the legal matters relating to the offering of these Policies.

#### **LEGAL PROCEEDINGS**

As of the date of this Prospectus, American Skandia and its affiliates are not involved in any legal proceedings outside of the ordinary course of business, and know of no material claims. American Skandia and its affiliates are involved in pending and threatened legal proceedings in the normal course of its business, however, we do not anticipate that the outcome of any such legal proceedings will have a material adverse affect on the Separate Account, or American Skandia's ability to meet its obligations under the Policy, or on the distribution of the Policy.

#### **INDEPENDENT AUDITORS**

The consolidated financial statements of American Skandia Life Assurance Corporation at December 31, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, and the financial statements of American Skandia Life Assurance Corporation Variable Account F at December 31, 2002 and for each of the three years in the period ended December 31, 2002, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon appearing elsewhere in this registration statement, and are included in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

#### **ILLUSTRATIONS**

It is impossible to illustrate exactly how a Policy will perform in the future. However, you may better understand how a Policy works, and may be able to better compare a Policy with other life insurance plans, using hypothetical illustrations based on the personal characteristics of the Insured(s) as well as certain assumptions about the future. The Company will furnish, upon request and at no charge, a personalized hypothetical illustrations based on: (a) the Age(s) of the Insured(s); (b) the tobacco usage class and expected risk class(es) of the Insured(s); (c) the gender of the Insured(s), where permitted; and (d) the Face Amount you seek or the amount of Premium you intend to pay. Where applicable, the Company will also furnish upon request an illustration for a Policy that is not affected by the sex of the Insured.

#### **HOW TO CONTACT US**

You can contact us by:

- calling 1-888-554-3348.
- writing to us via regular mail at American Skandia – Variable Life Insurance, P.O. Box 7040, Bridgeport, Connecticut 06601-7040 or for express mail American Skandia – Variable Life Insurance, One Corporate Drive, Shelton, Connecticut 06484. NOTE: Failure to send mail to the proper address may result in a delay in our receiving and processing your request.
- sending an email to [customerservice@skandia.com](mailto:customerservice@skandia.com) or visiting our Internet Website at [www.americanskandia.com](http://www.americanskandia.com).

We may require that you provide us with proper identification before we release information about your Policy or accept instructions received over the phone, the Internet or via any other electronic means. We may require that you provide your Social Security or tax identification number. We also may require you to present the personal identification number ("PIN") we provide you after we issue a Policy. To the extent permitted by law or regulation, neither we nor any person authorized by us will be responsible for any claim, loss, liability or expense in connection with a transaction, including but not limited to a transfer between investment options, over the phone, the Internet or via any other electronic means. However, this will only be the case if we or such authorized person acted: (a) in good faith reliance that you authorized the transaction; and (b) on reasonable procedures to identify you or your designee through a number of verification methods. These methods may include recording phone conversations, requesting Social Security or tax identification numbers, PINs, confirming electronic mail addresses, or similar means. We may be liable for losses due to unauthorized or fraudulent instructions should we not follow such reasonable procedures.

We may require that you submit forms In Writing for certain transactions. We require the written consent of all Owners for any transaction for which we require the Owner's written consent.

Transactions requested via telephone are recorded. To the extent permitted by law, we will not be responsible for any claims, loss, liability or expense in connection with a transaction requested by telephone or other electronic means if we acted on such transaction instructions after following reasonable procedures to identify those persons authorized to perform transactions on your Policy using verification methods which may include a request for your Social Security number, PIN or other form of electronic identification. We may be liable for losses due to unauthorized or fraudulent instructions if we did not follow such procedures.

American Skandia does not guarantee access to telephonic, facsimile, Internet or any other electronic information or that we will be able to accept transaction instructions via such means at all times. Regular and/or express mail will be the only means by which we will accept transaction instructions when telephonic, facsimile, Internet or any other electronic means are unavailable or delayed. American Skandia reserves the right to limit, restrict or terminate telephonic, facsimile, Internet or any other electronic transaction privileges at any time.

Contract described herein is no longer available for sale.

## APPENDIX A - HYPOTHETICAL ILLUSTRATION OF ACCELERATED DEATH BENEFIT

The following are hypothetical illustrations of the impact of payments made to the Insured under the accelerated death benefit provision of the Policy. The first hypothetical illustration assumes the Insured is a female, age 45 and is in the preferred risk class as of the Policy Date. The second hypothetical illustration assumes the Insured is a male, age 65 and is in the preferred risk class as of the Policy Date. The following other assumptions apply to both hypothetical illustrations:

1. The Premium paid was \$20,000.
2. The Accelerated Death Benefit provision is exercised as of the 10<sup>th</sup> Policy Anniversary.
3. The investment options in which Account Value was allocated have grown at a hypothetical average annual net rate of return of 8% since the Issue Date.
4. There have been no loans or loan repayments.
5. No amounts have been withdrawn.
6. 50% of the maximum available amount is taken pursuant to the accelerated death benefit provision.
7. The 12-month interest rate discount used in the calculation of the benefit assumes interest at 6% per year, compounded yearly.

The following are various policy values immediate before and after the accelerated death benefit is paid:

|  | FEMALE AGE 45<br>(NO TOBACCO) | MALE AGE 65<br>(NO TOBACCO) |
|--|-------------------------------|-----------------------------|
| Account Value Before the Accelerated Death Benefit is Paid                       | \$31,143                      | \$30,674                    |
| Cash Value Before the Accelerated Death Benefit is Paid                          | \$31,143                      | \$30,674                    |
| Maximum Amount Available For a Loan Before the Accelerated Death Benefit is Paid | \$28,029                      | \$27,607                    |
| Death Benefit Before the Accelerated Death Benefit is Paid                       | \$96,544                      | \$41,740                    |
| Guaranteed Minimum Death Benefit Before the Accelerated Death Benefit is Paid    | \$29,785                      | \$29,381                    |
| Amount Paid as the Accelerated Death Benefit                                     | \$22,770                      | \$9,844                     |
| Account Value After the Accelerated Death Benefit is Paid                        | \$23,357                      | \$23,005                    |
| Cash Value After the Accelerated Death Benefit is Paid                           | \$23,357                      | \$23,005                    |
| Maximum Amount Available For a Loan After the Accelerated Death Benefit is Paid  | \$21,022                      | \$20,705                    |
| Death Benefit After the Accelerated Death Benefit is Paid                        | \$72,408                      | \$31,305                    |
| Guaranteed Minimum Death Benefit After the Accelerated Death Benefit is Paid     | \$22,339                      | \$22,036                    |

## APPENDIX B - EXAMPLE OF REQUIRED DEATH BENEFITS

The following are representative examples of the factors on the Policy Date for different Ages, genders and tobacco usage classes, as well as the amount of the Required Death Benefit if the Account Value is \$100,000. These examples assume that the Insured is placed in the preferred risk class (see "BUYING A POLICY – How do I buy a Policy?" for a description of risk classes.)

*Female, Age 55, not a tobacco user:*

The factor is 3.13. \$100,000 multiplied by 3.13 results in a Required Death Benefit of \$313,000.

*Male, Age 60, a tobacco user:*

The factor is 1.80. \$100,000 multiplied by 1.80 results in a Required Death Benefit of \$180,000.

*Female, Age 70, a tobacco user:*

The factor is 1.57169. \$100,000 multiplied by 1.57169 results in a Required Death Benefit of \$157,169.

*Male, Age 75, not a tobacco user:*

The factor is 1.43. \$100,000 multiplied by 1.43 results in a Required Death Benefit of \$143,000.

As noted above, the factors depend on the gender (where permitted), tobacco usage class, risk class and attained Age of each Insured. The gender and risk class of the Insured generally does not change after the Policy Date. Therefore, the only element that changes the factor after the Policy Date is the aging of the Insured(s), unless the Insured(s) applies for and we agree to a change in rating or tobacco usage class.

Contract described herein is no longer available for sale.

## APPENDIX C – PRIOR POLICY AND SALE OF PRIOR POLICIES TO NEW JERSEY RESIDENTS

Between May 5, 1998 and October 1, 2001 American Skandia issued a modified single premium variable life insurance policy under the marketing name "American Skandia Trophy" ("AS Trophy"). The policy is no longer being issued in those jurisdictions from which we have received regulatory approval of the American Skandia SPVLI ("AS SPVLI") policy. We are continuing to issue the Trophy policy in those jurisdictions from which we have not received regulatory approval of the AS SPVLI policy. The AS Trophy policy is still offered to residents of the State of New Jersey. The State of New Jersey requires that certain provisions of the AS Trophy policy be modified in accordance with state law. The principle differences between the AS SPVLI policy offered by this Prospectus and the Trophy policy are described below, as well as the additional modifications to AS Trophy for New Jersey residents.

### GLOSSARY OF IMPORTANT TERMS

**ACCOUNT VALUE** is the value of your allocation to each Sub-account and any Fixed Allocation, plus any earnings and less any losses, distributions and charges thereon, plus the value of any amounts in the Loan Account, plus any earnings and less any distributions and charges thereon, all before assessment of any contingent deferred sales charge, contingent deferred tax charge or Debt. Account Value is determined separately for each Sub-account and each Fixed Allocation, as well as for any amounts in the Loan Account, and then totaled to determine the Account Value of your entire Policy.

**CASH VALUE** is the Account Value less any contingent deferred sales charge, contingent deferred tax charge and Debt.

**MATURITY DATE** is the Policy Anniversary immediately following the Insured's 95<sup>th</sup> birthday, or if there are two Insureds, immediately following the 95<sup>th</sup> birthday of the younger Insured, or what would have been the younger Insured's 95<sup>th</sup> birthday if the younger Insured predeceases the older Insured.

### SUMMARY OF COSTS

The following table provides a summary of the costs you will incur if you surrender the Policy or transfer Account Value among investment options. These costs are described in more detail within this Prospectus.

| TRANSACTION COSTS                        |   |   |
|--|---|---|
| COST                                     | WHEN DEDUCTED   | AMOUNT DEDUCTED/<br>DESCRIPTION OF COST |
| <b>Contingent Deferred Sales Charge*</b> | Upon Surrender or Withdrawal<br>(Percentage of Premium deducted in Policy Years 1 through 10) | 7.75%                                   |
| <b>Contingent Deferred Tax Charge**</b>  | Upon Surrender or Withdrawal<br>(Percentage of Premium deducted in Policy Years 1 through 10) | 2.25%                                   |
| <b>Transfer Fee</b>                      | After the 20th transfer each Policy Year  | \$10.00                                 |
| <b>Loan Interest Rate</b>                | When a loan is taken on the Policy<br>(Deducted per year, compounded yearly, in arrears)      | 6.0%                                    |

\* The following are the contingent deferred sales charges (as a percentage of Premium) upon surrender or withdrawal.

|       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10+   |
| 7.75% | 7.50% | 7.25% | 6.50% | 5.75% | 5.00% | 4.25% | 3.50% | 2.75% | 0.00% |

\*\* The following are the contingent deferred tax charges (as a percentage of Premium) upon surrender or withdrawal.

|       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10+   |
| 2.25% | 2.00% | 1.75% | 1.50% | 1.25% | 1.00% | 0.75% | 0.50% | 0.25% | 0.00% |

The following table provides a summary of the periodic cost you will incur while you own the Policy, excluding the underlying mutual fund Portfolio annual expenses. These costs are described in more detail within this Prospectus.

| PERIODIC POLICY COSTS                    |  |  |   |  |
|--|--|--|---|--|
| COST                                     | WHEN DEDUCTED  | AMOUNT DEDUCTED/<br>DESCRIPTION OF COST  |   |  |
| <b>Sales Charge</b>                      | Monthly for the 1 <sup>st</sup> 10 Policy Years  | 0.40% per year of the Account Value  |   |  |
| <b>Cost of Insurance<sup>1</sup></b>     | Monthly<br><br>(Pro-rata from the variable and fixed investment options in which you maintain Account Value) | <b>Minimum</b>   | <b>Maximum</b>  | <b>Representative<sup>2</sup></b>  |
|  |  | \$1.01 per \$1,000 Net Amount at Risk per year for a 20-year-old female/no tobacco | \$311.27 per \$1,000 Net Amount at Risk per year for a 94-year-old male/tobacco | \$14.26 per \$1,000 Net Amount at Risk per year for a 65-year old female/no tobacco<br><br>\$22.25 per \$1,000 Net Amount at Risk per year for a 65-year-old male/no tobacco |
| <b>Mortality and Expense Risk Charge</b> | Daily  | 0.90% per year of the value of each Sub-account                                    |   |  |
| <b>Administration Fee</b>                | Daily  | 0.25% per year of the value of each Sub-account                                    |   |  |
| <b>Maintenance Fee</b>                   | Monthly  | \$2.50 per month unless Account Value is \$75,000 or greater                       |   |  |
| <b>Tax Charge</b>                        | Monthly for the 1 <sup>st</sup> 10 Policy Years  | 0.25% per year of the Account Value  |   |  |

1. The charges shown above are based on guaranteed maximum cost of insurance rates, which depend on Age, gender, tobacco use and rate class. They may not be representative of the charge that you will pay. You may request a personalized illustration of the charge by calling us at 1-888-554-3348.
2. The representative purchasers for Policies issued on a single life basis are a Male and Female, Age 65, who are in the no tobacco use class.

## PURCHASING A POLICY

**Age Restrictions:** The Insured may not be less than Age 20 or older than Age 90 on the Policy Date.

*For residents of the State of New Jersey the Insured may not be less than Age 20 or older than Age 83 on the Policy Date.*

**Reinstatement:** You may apply for reinstatement of the Policy if it lapses. We must receive this application In Writing at our Office within three years of the date the lapse occurred as measured from the end of the grace period. We may require evidence of insurability satisfactory to us. In order to reinstate your Policy, you also must pay us a reinstatement amount, including any applicable charges.

## DEATH BENEFIT

**What is the Required Death Benefit?** The Required Death Benefit is the minimum amount that must be payable at the Insured's death, before reduction for any Debt, for the Policy to be treated as life insurance under the Code. The Required Death Benefit is determined by treating the Account Value as if it were a net single premium. We determine the Required Death Benefit by dividing the Account Value by factors that are determined as of the Policy Date. These factors vary by the attained Age, gender (where permitted), tobacco usage class and risk class of each Insured. When there are two Insureds, the factors used to determine the Required Death Benefit are based on an actuarial derivation of the factor applicable for each Insured.

*For residents of the State of New Jersey the following is added to the section entitled: "How is the Death Benefit determined?":*  
The Death Proceeds will include any monthly amount deducted during the period between the date of death and the date Death Proceeds become payable to the Beneficiary.



## ACCELERATED DEATH BENEFIT

For residents of the State of New Jersey the following sentences replace the fourth sentence in the section entitled "How do I qualify for an Accelerated Death Benefit?" in the Prospectus:

Our requirements include, but are not limited to, satisfactory proof to us In Writing that the Insured (the last surviving Insured if there are two Insureds) became terminally ill, as defined in your Policy prior to or after the Issue Date of the Policy or as a result of an accident that occurred prior to or after the Issue Date of the Policy.

## COSTS

**What are the transaction costs and when are they deducted?** We assess three types of transaction costs – the contingent deferred sales charge, the contingent deferred tax charge and the transfer fee – only under certain circumstances.

**Contingent deferred sales charge:** The contingent deferred sales charge is a percentage of the Premium being surrendered or withdrawn that is deducted during the first nine (9) Policy Years (See "Partial Withdrawals and Surrender" in this Appendix for more details). The contingent deferred sales charge applies to withdrawals of Premium, not withdrawals of Growth, as defined by our rules. The contingent deferred sales charge reimburses us for expenses related to sales and distribution of the Policy, including commissions, marketing materials and other promotional expenses. It may be assessed at the time of any partial withdrawal or surrender, unless the Policy qualifies for a medically-related waiver of these charges, as discussed in the section of this Prospectus entitled "Medically-Related Waiver." The percentages are as follows:

| Policy Year    | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10+ |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| Percentage (%) | 7.75% | 7.50% | 7.25% | 6.50% | 5.75% | 5.00% | 4.25% | 3.50% | 2.75% | 0   |

**Exception to contingent deferred sales charge:** From time to time, and to the extent permitted by law, we may reduce the amount of the sales charge and the contingent deferred sales charge, the period during which such charges apply, or both, when Policies are sold to persons or groups of persons in a manner that reduces sales expenses. We would consider such factors as: (a) the size and type of group; (b) the amount of Premiums; and/or (c) other transactions where sales expenses are likely to be reduced.

No sales charge or contingent deferred sales charge is imposed when, as of the Policy Date, the Owner or the Insured of a Policy issued pursuant to this Prospectus is a member of a designated class, including: (a) any parent company, affiliate or subsidiary of ours; (b) an officer, director, employee, retiree, sales representative, or in the case of an affiliated broker-dealer, registered representative of such company; (c) a director, officer or trustee of any underlying mutual fund; (d) a director, officer or employee of any investment manager, sub-advisor, transfer agent, custodian, auditing, legal or administrative services provider that is providing investment management, advisory, transfer agency, custodianship, auditing, legal and/or administrative services to an underlying mutual fund or any affiliate of such firm; (e) a director, officer, employee or registered representative of a broker-dealer or insurance agency that has a then current selling agreement with us and/or with American Skandia Marketing, Incorporated; (f) a director, officer, employee or authorized representative of any firm providing us or our affiliates with regular legal, actuarial, auditing, underwriting, claims, administrative, computer support, marketing, office or other services; (g) the then current spouse of any such person noted in (b) through (f) above; (h) the parents of such person noted in (b) through (g) above; (i) the child(ren) or other legal dependent under the age of 21 of any such person noted in (b) through (h); and (j) the siblings of any such persons noted in (b) through (h) above.

You must notify us at the time you apply for the Policy if you are a member of the designated class. American Skandia is not responsible for monitoring whether you qualify as a member of the designated class. **Failure to inform us that you qualify as a member of the designated class may result in your Policy being subject to the contingent deferred sales charge and sales charge as described above.**

**Contingent deferred tax charge:** The contingent deferred tax charge is a percentage of the Premium being surrendered or withdrawn that is deducted during the first nine (9) Policy Years. The contingent deferred tax charge applies to withdrawals of Premium, not withdrawals of Growth, as defined by our rules. The contingent deferred tax charge reimburses us for expenses related to the unamortized portion of the state premium tax. It is assessed at the time of any partial withdrawal or surrender, unless the Policy qualifies for a Medically-Related Waiver of these charges, as discussed on the section of the Prospectus entitled "Medically-Related Waiver." The percentages are as follows:

| Policy Year    | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10+ |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| Percentage (%) | 2.25% | 2.00% | 1.75% | 1.50% | 1.25% | 1.00% | 0.75% | 0.50% | 0.25% | 0   |

**What are the periodic Policy costs and when are they paid?** We assess six types of periodic Policy costs, which include the sales charge, the cost of insurance charge, the mortality and expense risk charge, the administration charge, the maintenance fee and the tax charge.

**Sales charge:** We deduct the sales charge during the first ten (10) Policy Years, each Monthly Processing Day, pro-rata from the variable and fixed investment options in which the Account Value is maintained. It is a percentage of your Account Value and is the equivalent of 0.40% per year. We deduct this charge from your Account Value on each Monthly Processing Day. The charge is a percentage of your then current Account Value. This charge compensates American Skandia for expenses related to sales and distribution of the Policy, including commissions, marketing materials and other promotional expenses.

There are certain circumstances which may result in reduction or elimination of the sales charge. These are exactly the same circumstances that may result in reduction or elimination of the contingent deferred sales charge, as described above in response to the question "What are the transaction costs and when are they deducted?"

**Cost of insurance charge:** We deduct the cost of insurance charge from your Account Value, in advance, each Monthly Processing Day, pro-rata from the variable and fixed investment options in which you maintain Account Value. The charge is a percentage of your then current Account Value. The cost of insurance charge is intended to compensate American Skandia for providing insurance protection under the Policy. The cost of insurance charge is not a constant dollar amount, in part because it is deducted as a percentage of your Account Value. The percentage of your Account Value that we charge differs depending on four factors: (1) whether we issue the Policy on the life of one Insured or two Insured's; (2) the Age(s) of the Insured(s) as of the Policy Date; (3) the gender of the Insured(s), where permitted; and (4) the tobacco usage class(es) of the Insured(s). We reserve the right to also have the percentage decrease based on the size of the Premium. We do not deduct a charge for cost of insurance once the Insured reaches Age 100.

The actual charge is a monthly charge. The breakdown of the annual cost of insurance charge we deduct from your Account Value is shown below for a Policy issued for one Insured. The charges may change if we are required by law to charge the same amount for males and females. For purposes of this and the succeeding table, "Age" is as of the Policy Date.

| Risk Class          | Cost of Insurance Rate<br>(annual charge – deducted monthly) |                  |
|---------------------|--|------------------|
|                     | Issue Ages 20-69   | Issue Age 70 -90 |
| Male / No Tobacco   | 0.55%  | 0.90%            |
| Male /Tobacco       | 0.90%  | 1.25%            |
| Female / No Tobacco | 0.40%  | 0.75%            |
| Female –/Tobacco    | 0.75%  | 1.10%            |

If the Policy is issued for two Insureds, the yearly percentages of the Account Value we deduct for the cost of insurance will depend on the tobacco usage classes of the Insureds. The following are examples of applicable charges as of the Policy Date. The charges will be different if we are required by law to charge the same amount for males and females.

| Risk Class                        | Cost of Insurance Rate<br>(annual charge – deducted monthly) |
|-----------------------------------|--|
| Male No Tobacco/Female No Tobacco | 0.25%  |
| Male No Tobacco/Female Tobacco    | 0.30%  |
| Male Tobacco/Female No Tobacco    | 0.30%  |
| Male Tobacco/Female Tobacco       | 0.35%  |

**Mortality and expense risk charge:** We assess a mortality and expense risk charge against the assets in the Separate Account. The mortality and expense risk charge is 0.90% per year. We assess this charge each Valuation Period against the daily value of each Sub-account.

The mortality and expense risk charge is assessed for mortality and expense risk. The mortality risk American Skandia assumes is that the Policy's cost of insurance charge will be insufficient to pay claims and that the insured will not live as long as expected. The expense risk we assume is that the expenses incurred in issuing, distributing and administering the Policy will exceed the administration charge.

In summary, the charges cover the risk that our assumptions about the mortality risks and expenses under this Policy are incorrect and that we have agreed not to increase these charges over time despite our actual costs.

**Tax charge:** We deduct the tax charge during the first ten (10) Policy Years. It is a percentage of your Account Value and is the equivalent of 0.25% per year. We deduct this charge from your Account Value each Monthly Processing Day. The charge is a percentage of your then current Account Value. The tax charge reimburses American Skandia for the state premium taxes it pays on contracts which remain in force for nine years. If you surrender your Policy or take a partial withdrawal, we deduct a contingent deferred tax charge, as described above in response to the question "What are the transaction costs and when are they deducted?"

## ACCOUNT VALUE AND CASH VALUE

**What is the Account Value?** The Account Value is the value of a Policy before any deduction for any contingent deferred sales charge, contingent deferred tax charge or Debt. It is the total of the Account Value allocated to each Sub-account and any Fixed Allocation plus any Account Value in the Loan Account. You may allocate Account Value to the variable investment options, which are each of the Sub-accounts of the Separate Account, or to Fixed Allocations. Any portion of the Account Value maintained in the Loan Account serves as collateral for outstanding Policy loans.

**What is the Cash Value?** The Cash Value is the total Account Value less any contingent deferred sales charge, contingent deferred tax charge and Debt.

## CASH VALUE CREDITS

**How does my Policy qualify for Cash Value Credits?** To qualify for Cash Value Credits as of any Policy Anniversary, the Cash Value of your Policy must equal or exceed 200% (2X) of the Premiums you have paid as of the Policy Anniversary date. Whether your Cash Value meets or exceeds the trigger depends on the investment performance of the investment options, partial withdrawals, Debt and whether you pay back any loans or loan interest. Please note, even if your Account Value is greater than the Cash Value trigger, you may not have reached the trigger amount, since the Cash Value may be less than the Account Value due to the contingent deferred sales charge, the contingent deferred tax charge and any Debt.

*For residents of the State of New Jersey the following provisions apply for Cash Value Credits:*

**How does my Policy qualify for Cash Value Credits?** To qualify for Cash Value Credits as of any Policy Anniversary, the Cash Value of your Policy must equal or exceed the Premiums you have paid as of the Policy Anniversary date you qualify plus \$50,000. Whether your Cash Value meets or exceeds the trigger depends on the investment performance of the investment options, partial withdrawals, Debt and whether you pay back any loans or loan interest. Please note, even if your Account Value is greater than the Cash Value trigger, you may not have reached the trigger amount, since the Cash Value may be less than the Account Value because the Cash Value assumes that you surrender the Policy and are subject to the contingent deferred sales charge, as well as deducting for any Debt.

If you surrender your Policy or the Death Benefit becomes payable and, on the date that we process the surrender or calculate the Death Proceeds, your Cash Value equals or exceeds the Cash Value Trigger, we will add a pro rata portion of the amount that would have been payable as a Cash Value Credit based on the portion of the Policy Year that has elapsed.

For example, assume you have made premium payments equal to \$50,000 and your Cash Value is \$100,000. Further assume that you decide to surrender the policy in Policy Year 6 when the Contingent Deferred Sales Charge is equal to 5% and the Contingent Deferred Tax Charge is 1%. The Cash Value of the Policy would be \$107,000 (\$110,000 minus \$3,000 for the combination of the Contingent Deferred Sales Charge and the Contingent Deferred Tax Charge). Since the Cash Value of the Policy is greater than Premium plus \$50,000, the Policy would qualify for a pro rata portion of the Cash Value Credit. Assuming the Policy was surrendered exactly in the middle of Policy Year 6, on surrender your Cash Value would be increased by the pro rata portion (1/2) of the 0.25% multiplied by the Cash Value of the Policy.

## LOANS

**How much is available for a loan?** The maximum amount available as a loan is equal to 90% of your current Cash Value. The minimum amount you may borrow is \$500.00.

*For residents of the State of New Jersey the following section replaces the section in the Prospectus entitled "How much is available for a loan?"*

The maximum amount available as a loan is equal to 75% of your current Cash Value.

**Can I take a loan on an exchange?** Subject to our rules, we will establish a loan on a Policy that you purchase as part of an exchange that is not subject to current taxation in accordance with Section 1035 of the Code. The amount of the loan will be equal to the loan that was in effect before you surrendered your prior policy. Under our rules we will, among other things, increase the Account Value as of the Policy Date by the amount of the loan and allocate that portion of the increased Account Value to the Loan Account as collateral for the loan. By increasing the Account Value, there will be a corresponding increase in the Face Amount and the Required Death Benefit. In addition, for purposes of determining the Guaranteed Minimum Death Benefit, we will deem the "Premium" to be the amounts paid plus the loan amount as of the Policy Date. Any contingent deferred sales charge and contingent deferred tax charge will be based on the actual amounts received, not such amounts plus the amount of the loan. All charges that are calculated as a percentage of your Account Value will increase because the Account Value will be increased by the amount of the loan. Loans established as part of a 1035 exchange will be treated as "preferred" loans (See "Loans" in the Prospectus for a complete description).

## **PARTIAL WITHDRAWALS AND SURRENDERS**

**When can I make a partial withdrawal?** We allow partial withdrawals while the Insured is alive up to a maximum of 90% of the Cash Value. However, you may not take a partial withdrawal until after the end of the right to cancel period where permitted by law. You may not make a partial withdrawal of less than \$500.

**Is there a charge for a partial withdrawal?** We charge any applicable contingent deferred sales charge and contingent deferred tax charge on the portion of any partial withdrawal that is not treated as a "free withdrawal" or for which we waive such charges under the medically-related waiver provision. We take these charges pro-rata from the investment options in the same manner we take the Account Value as a result of the partial withdrawal.

**What amount can I take as a free withdrawal?** In any Policy Year the maximum amount you can take as a free withdrawal is the greater of Growth or 10% of the Premium.

The following examples may help show what this means. For each example, assume that the Premium was \$50,000.

- Assume the Account Value as of the Valuation Day we process your partial withdrawal is \$60,000. You request a partial withdrawal of \$25,000. Assume also that you have not requested any other partial withdrawals during this Policy Year. The free withdrawal amount is the greater of Growth, which is the current Account Value (\$60,000) less the Premium (\$50,000), or \$10,000, and 10% of the Premium, which is \$5,000. Therefore, we treat \$10,000 as the free withdrawal portion of this partial withdrawal. Assuming that this partial withdrawal request occurs during the "surrender charge period," we would assess the then applicable contingent deferred sales charge and contingent deferred tax charge on \$15,000, which is the portion of the partial withdrawal that exceeds the free withdrawal amount. The contingent deferred sales charge and contingent deferred tax charge would apply to the full amount of any subsequent partial withdrawal you request during the same Policy Year that was not eligible for a medically-related waiver.
- Assume the Account Value as of the Valuation Day we process your partial withdrawal request for the "maximum free withdrawal amount" is \$47,000. Assume also that you have not requested any other partial withdrawals during this Policy Year. The free withdrawal amount is the greater of Growth, which is the current Account Value (\$47,000) less the Premium (\$50,000), or \$3,000, and 10% of the Premium, which is \$5,000. Therefore, the maximum free withdrawal amount is \$5,000. Assuming that this partial withdrawal request occurs during the "surrender charge period," and there is no subsequent Growth in that Policy Year, the contingent deferred sales charge and the contingent deferred tax charge would apply to any subsequent surrender or partial withdrawal that Policy Year that was not eligible for a medically-related waiver.

## **MEDICALLY-RELATED WAIVER**

**What is a medically-related waiver?** A medically-related waiver is a waiver of the contingent deferred sales charge and the contingent deferred tax charge that would otherwise apply to a partial withdrawal or surrender. A medically-related waiver is available by rider to the Policy and is currently at no charge to you.

*For residents of the State of New Jersey the Medically-Related Waiver provision described in the Prospectus does not apply.*

## **MATURITY**

A Policy "matures" as of the Policy Anniversary on which the Insured is Age 95. If there are two Insureds, a Policy "matures" as of the Policy Anniversary on which the younger Insured is Age 95 or would have been Age 95 if the younger Insured is then deceased. We will pay out the Cash Value once the Policy matures. The Policy will then end, and we will not have any more obligations under the Policy. We may provide a rider, where permitted by law, that allows the Policy to mature at a later date if there is adequate guidance available to us regarding the tax treatment of all Policies if we were to permit extension of the maturity date. Should we permit such extension of the maturity date, we advise you to seek tax advice regarding your specific circumstances should you want the Policy to mature at a later date. If the Policy is no longer treated as life insurance after any extension of maturity date, gain in the Policy may be taxable to you in the year of the original maturity date and all or a portion of the Death Proceeds may be taxable to the beneficiary.

### **APPENDIX A**

#### **HYPOTHETICAL ILLUSTRATION OF ACCELERATED DEATH BENEFIT**

*For residents of the State of New Jersey, you may request a personalized illustration showing how exercise of the Accelerated Death Benefit will affect values under your policy.*

Contract described herein is no longer available for sale.

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Contract described herein is no longer available for sale.

## WHERE TO OBTAIN ADDITIONAL INFORMATION

A Statement of Additional Information is available from us without charge upon your request. The Statement of Addition Information contains more information about this Policy. This Prospectus and Statement of Addition Information are part of the registration statement we filed with the SEC regarding this offering. Additional information on us and this offering is available in those registration statements and the exhibits thereto. You may obtain copies of these materials at the prescribed rates from the SEC's Public Reference Room, 450 Fifth Street N.W., Washington, D.C., 20549-0102. You may inspect and copy those registration statements and exhibits thereto at the SEC's public reference facilities at the above address, Room 1024, and at the SEC's Regional Offices, The Woolworth Building, 233 Broadway, New York, NY and 175 W. Jackson Boulevard, Suite 900, Chicago, IL. These documents, as well as documents incorporated by reference, may also be obtained by calling the SEC at 202-942-8090 or through the SEC's Internet Website (<http://www.sec.gov>) for this registration statement as well as for other registrants that file electronically with the SEC.

For a free copy of the Statement of Additional Information, personalized hypothetical illustrations or other inquiries, please contact us at:

AMERICAN SKANDIA – VARIABLE LIFE INSURANCE  
P.O. Box 7040  
Bridgeport, CT 06601-7040

*EXPRESS MAIL:*

AMERICAN SKANDIA – VARIABLE LIFE INSURANCE  
One Corporate Drive  
Shelton, CT 06484

*TELEPHONE:*

1-888-554-3348

*WEBSITE:*

[www.americanskandia.com](http://www.americanskandia.com)

Investment Company Act of 1940 Registration No.: 811-08447

Contract described herein is no longer available for sale

## AMERICAN SKANDIA'S PRIVACY POLICY

At American Skandia<sup>1</sup>, the basic principles of our privacy policy, described in more detail below, are (1) **American Skandia does not sell any of your information** and (2) **American Skandia shares your nonpublic personal information only to the extent necessary to provide and administer our products and services to you and to make you aware of new products and services**. Unless we receive authorization from you or are required or permitted to do so under law, we do not otherwise share your nonpublic personal information.

This privacy policy applies to all of American Skandia's products and services (including Annuities, Life Insurance, Mutual Funds and Mutual Fund Wrap), and any future products or services American Skandia may develop or provide to individuals. We reserve the right to change our privacy policy and will keep you informed of any such changes.

### I. INFORMATION WE MAY COLLECT ABOUT YOU

You may provide us with, or we may collect, nonpublic personal information that allows us to provide and administer our products and services. This includes personal **financial** information, (such as net worth and annual income) and personal **health** information, (such as medical history). We only disclose personal health information with your prior written authorization or as otherwise permitted or required by law. Therefore, in the remainder of this notice, unless otherwise noted, references to nonpublic personal information exclude all personal health information.

We collect nonpublic personal information from the following sources:

- Information we receive from you on applications or other forms such as your name, address, and social security number;
- Information about your transactions with us, our affiliates, or others such as your account balances;
- Information we receive from other third parties such as a consumer reporting agency; and
- Information we receive or obtain during your visits to our Web site. We may employ "cookies" while you are visiting our Web site. A "cookie" is a set of information that our web server assigns to your hard drive when you visit our site. Utilizing "cookies" helps us understand what parts of our site you find most useful and where you may be likely to return on our site in the future. If you choose to disable "cookies" you may not be able to utilize our services to the fullest extent.

Please note that publicly available information, except in limited circumstances, is not considered nonpublic personal information.

### II. INFORMATION THAT WE MAY DISCLOSE

We may disclose the nonpublic personal information that we collect as described above. This applies to both current customers and former customers.

We will share this information only to the extent necessary to provide and administer our products and services to you and to make you aware of new products and services. We may also disclose nonpublic personal information about you to affiliated and non-affiliated third parties with your consent or as otherwise may be required or permitted by law. The parties that we disclose nonpublic personal information to must abide by applicable law.

### III. SERVICE PROVIDERS/JOINT MARKETING AGREEMENTS

As permitted by law, we may disclose the following information we collect to companies or parties that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements: information we receive from you on applications and other forms such as your name, address and social security number and information about your transactions with us, our affiliates, or others such as your account balances. These parties are bound by confidentiality terms of our agreements as well as applicable laws.

### IV. POLICIES AND PRACTICES WITH RESPECT TO PROTECTING THE CONFIDENTIALITY, SECURITY, AND INTEGRITY OF YOUR INFORMATION

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<sup>1</sup> For purposes of the following notice, "American Skandia", "we", or "us" refers to American Skandia, Inc.; American Skandia Life Assurance Corporation; American Skandia Marketing, Incorporated; American Skandia Investment Services, Incorporated; American Skandia Information Services and Technology Corporation; American Skandia Fund Services, Inc.; American Skandia Trust; American Skandia Advisor Funds, Inc.; and American Skandia Advisory Services, Inc.



We restrict access to nonpublic personal information, including personal health information, about you to those employees who need to know that information to provide products or services to you and as otherwise described above. We maintain physical, electronic, and procedural safeguards that comply with applicable law to guard your nonpublic personal information.

#### **V. FURTHER INFORMATION**

You have the right to access your nonpublic personal information we maintain, upon request. You may request correction, amendment or deletion of any information which you believe to be inaccurate. If the information was provided to us by a third party, we will direct you to the third party to correct any information it gave us.

Please submit any inquiries to us at:

**Variable Annuities:** American Skandia Life Assurance Co., P.O. Box 7040, Bridgeport, CT 06601-7040

**Variable Life Insurance:** Variable Life Insurance, American Skandia Life Assurance Co., P.O. Box 7045, Bridgeport, CT 06601-7045

**Mutual Funds:** American Skandia Advisor Funds, P.O. Box 8012, Boston, MA 02266-8012

**Mutual Fund Wrap:** American Skandia Asset Management Portfolios, c/o PFPC Brokerage Services, P.O. Box 61503, King of Prussia, PA 19406-0903

For your security, the request must be signed and your signature notarized. Include all account numbers for which you request information. If you have products or services across multiple platforms, a separate request for each must be sent.

Contract described herein is no longer available for sale.