Camera setting for images
Actual data captured by the sensor without any in-camera processing
Large files
Millions of colors

Photoshop images only
Multiple layers
Huge files (Do not email)
Millions of colors

Master Image
Best print quality images at 300 dpi
Millions of colors

Camera setting for images
Compressed images = smaller files, compression degrades image
Best for internet and email
Millions of colors

Very compressed image
Supports animated images
Supports transparent background
Only 256 colors

Better quality compressed image.
Millions of colors
Transparent background
Not widely supported.

Professional Guidelines
http://www.harriete-estel-berman.info/profguidelines/profguide.html
http://www.snagmetalsmith.org/Publications/Professional_Guidelines/