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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8-39227

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

3/1/02 EV

REPORT FOR THE PERIOD BEGINNING 01/01/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Russell Fund Distributors, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box)

909 A Street

(No. and Street)

Tacoma,

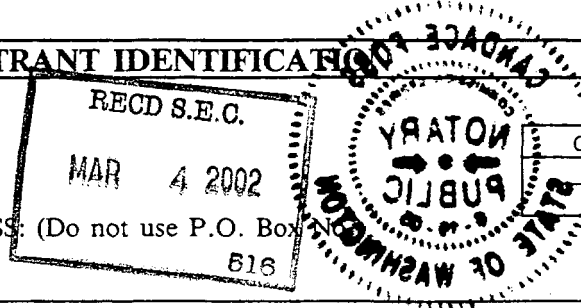
WA

98402

(City)

(State)

(Zip Code)



OFFICIAL USE ONLY

FIRM ID. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Linda L. Gutmann

(253) 591-2969

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

999 Third Avenue, Suite 1800

Seattle

WA

98104-4098

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 18 2002

THOMSON
FINANCIAL

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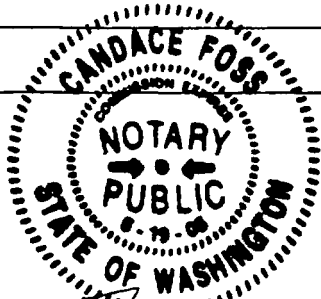
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

3/15/02
S.S.

OATH OR AFFIRMATION

I, Linda L. Gutmann, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Russell Fund Distributors, Inc., as of December 31, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None



Candace Foss
Notary Public

Linda L. Gutmann
Signature

Treasurer and Controller
Title

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of ~~Changes in Financial Condition~~ CASH FLOWS.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Russell Fund Distributors, Inc.
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Report of Independent Accountants

To the Board of Directors and Shareholder of
Russell Fund Distributors, Inc.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Russell Fund Distributors, Inc. (the Company) at December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

February 22, 2002

Russell Fund Distributors, Inc.
Statement of Financial Condition
December 31, 2001

ASSETS

Assets:	
Cash and cash equivalents	\$ 3,621,478
Accounts receivable	1,640,567
Prepaid expenses	14,110
Due from affiliates	4,211
Investment (Note 2)	3,300
	<hr/>
Total assets	\$ 5,283,666
	<hr/>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accrued expenses	\$ 2,071,037
Due to affiliates	513,601
	<hr/>
Total liabilities	2,584,638
	<hr/>
Stockholder's equity:	
Common stock, par value \$0.10 per share; 100 shares authorized; 26 shares issued and outstanding	3
Additional paid-in capital	1,389,997
Retained earnings	1,309,028
	<hr/>
Total stockholder's equity	2,699,028
	<hr/>
Total liabilities and stockholder's equity	\$ 5,283,666
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The accompanying notes are an integral part of the financial statement.

Russell Fund Distributors, Inc.
Notes to Financial Statement

1. Nature of Business and Summary of Significant Accounting Policies

Nature of business

Russell Fund Distributors, Inc. (the Company) is a wholly owned subsidiary of Frank Russell Investment Management Company (FRIMCo), which is, in turn a wholly owned subsidiary of Frank Russell Company (FRC). The Northwestern Mutual Life Insurance Company owns substantially all the outstanding shares of FRC.

The Company is a broker-dealer registered pursuant to the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The Company engages in the sale of redeemable shares of registered investment companies and direct participation programs in the United States of America.

Cash and cash equivalents

The Company considers all cash accounts and money market accounts with an original maturity of three months or less to be cash and cash equivalents.

Revenue recognition

Revenue from distribution activities is recognized as earned. The Company has entered into either distribution or shareholder servicing agreements with three registered investment companies (the Funds).

The distribution or shareholder servicing agreements generally provide that the Funds reimburse the Company for costs and expenses incurred in connection with advertising and marketing the Fund's shares, personnel costs, overhead expenses or shareholder servicing expenses.

Income taxes

The Company accounts for income taxes based upon an asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

The Company files its tax return with FRC as part of a consolidated group. The provision for income taxes is based on an allocation of the consolidated tax liability to the respective companies included in the consolidated group as if each company were filing on a separate return basis.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Russell Fund Distributors, Inc.
Notes to Financial Statement

2. Investment

The Company acquired 300 warrants in 2000 from a non-public company (the Issuer) at \$11 each. Each warrant allows the Company to acquire four shares of the Issuer's common stock, starting at the second anniversary of the Issuer's anticipated public offering, for an exercise price ranging from \$13 to \$16 per share. Since the public offering has not been completed and there is no ready market for these warrants, management is not able to determine the fair value of these warrants and, as such, is using the historical cost of the warrants as the reporting basis.

3. Related-Party Transactions

The Company reimburses FRC on a monthly basis for direct expenses and liabilities paid on its behalf by FRC. FRC allocates certain negotiated charges to the Company such as salaries, employee benefits, insurance, and equipment charges. Total related amounts due and payable to FRC at December 31, 2001 were \$513,601. However, FRC does not charge the Company for indirect expenses relating to corporate overhead.

The Company participates in a FRC profit-sharing retirement plan (the Plan) covering eligible employees. The Plan allows for contributions to be made out of the Company's net operating profits at the discretion of the FRC Board of Directors.

4. Net Capital and Reserve Requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, equal to the greater of \$5,000 or 6-2/3% of aggregate indebtedness, as defined. Rule 15c3-1 also requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At December 31, 2001, the Company had net capital of \$963,622, which was \$791,594 in excess of the amount required of \$172,028, and the ratio of aggregate indebtedness to net capital was 2.68 to 1.

The Company operates under the provisions of (k)(1) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the provisions of that Rule.