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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

MAR 11 2014

Washington DC
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SEC FILE NUMBER
8-39058

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING 01/01/2013 AND ENDING 12/31/2013
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Prudential Annuities Distributors, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
One Corporate Drive

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
Shelton CT 06484-0883
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Steven Weinreb 973-802-9918

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

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

300 Madison Avenue, New York, NY 10017

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

*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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Steven Weinreb, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Prudential Annuities Distributors, Inc. of December 31, 2013, 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:

KERRY A. KLOTZ
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 1/28/2016

Kerry A. Klotz
Notary Public

[Signature]
Signature

Chief Financial Officer
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.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' 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.
- (o) Statement of Cash Flows.

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

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**Prudential Annuities
Distributors, Inc.**
Statement of Financial Condition
December 31, 2013

SEC. I.D. No. 8-39058

This report is deemed CONFIDENTIAL in accordance with Rule 17a-5(e) (3) under the Securities Exchange Act of 1934. A statement of financial condition bound separately has been filed with the Securities and Exchange Commission simultaneously herewith as a Public Document.

Prudential Annuities Distributors, Inc.
Index
December 31, 2013

	Page(s)
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Condition	3
Notes to Statement of Financial Condition	4-8



Independent Auditor's Report

To the Board of Directors and Stockholder of
Prudential Annuities Distributors, Inc.

We have audited the Statement of Financial Condition of Prudential Annuities Distributors, Inc. which comprises the Statement of Financial Condition as of December 31, 2013.

Management's Responsibility for the Statement of Financial Condition

Management is responsible for the preparation and fair presentation of the Statement of Financial Condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement of Financial Condition that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement of Financial Condition based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Financial Condition is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Financial Condition. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement of Financial Condition, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the Statement of Financial Condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement of Financial Condition. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement of Financial Condition referred to above present fairly, in all material respects, the financial position of Prudential Annuities Distributors, Inc. at December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers LLP', is written over the date. The signature is in dark ink and is somewhat stylized.

February 28, 2014

[This page has been intentionally left blank.]

Prudential Annuities Distributors, Inc.
Statement of Financial Condition
December 31, 2013

(dollars in thousands)

Assets

Cash and cash equivalents	\$ 42,809
Distribution and Service Fees Receivable	1,783
Advanced commissions receivable	5,161
Prepaid expenses and other assets	525
Federal Deferred income tax receivable from parent	185
Total assets	<u>\$ 50,463</u>

Liabilities and Stockholder's Equity

Liabilities

Payable to affiliates	\$ 7,886
Federal and State Current Income tax payable to parent	19,992
Accounts payable and other accrued liabilities	37
Total liabilities	<u>27,915</u>

Commitments and contingent liabilities (Note 6)

Stockholder's Equity

Common stock (\$1 par value, 1,000 shares authorized, issued and outstanding)	1
Additional paid in capital	8,995
Retained earnings	13,552
Total stockholder's equity	<u>22,548</u>
Total liabilities and stockholder's equity	<u>\$ 50,463</u>

The accompanying notes are an integral part of this Statement of Financial Condition.

Prudential Annuities Distributors, Inc.
Statement of Financial Condition
December 31, 2013

1. Organization and Nature of Business

Prudential Annuities Distributors, Inc. (the "Company"), organized in May 2003, with its principal offices in Shelton, Connecticut, is a wholly-owned subsidiary of Prudential Annuities, Inc., which is an indirect wholly-owned subsidiary of Prudential Financial, Inc. ("Prudential"). The Company is a registered broker-dealer subject to the rules and regulations of the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority, Inc. ("FINRA").

The Company was the principal underwriter and broker-dealer for SEC registered life and annuity products issued by an affiliated company, Prudential Annuities Life Assurance Corporation ("PALAC"). Beginning in March 2010, PALAC, ceased offering its existing variable life and annuity products.

The Company is the principal underwriter and broker-dealer for SEC registered annuity products issued by Pruco Life Insurance Company ("PLAZ") and Pruco Life Insurance Company of New Jersey ("PLNJ").

The Company became the principal underwriter and broker-dealer for American Skandia Advisory Trust ("AST") on February 25, 2013.

The Company and Prudential Investment Management Services, LLC ("PIMS"), an affiliate, are co-distributors and underwriters of a legacy mutual fund product. As per the terms set forth in the underwriting and distribution agreement, the legacy mutual funds are in run-off.

As more fully described in Note 5, as of June 1, 2006, the Company entered into wholesaling and marketing support agreements with Allstate Life Insurance Company, Allstate Life Insurance Company of New York and Allstate Distributors, LLC (the "underwriter"). Under the terms of the agreements, the underwriter pays the Company, as the wholesaler for servicing variable annuity contracts, a marketing allowance of 125 basis points of all premiums paid under variable contracts issued to the underwriter's customers.

The Company has extensive transactions and relationships with Prudential, PALAC, PLAZ, PLNJ and PICA, (as more fully described in Note 5). Due to these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions with unrelated parties.

2. Summary of Significant Accounting Policies

The audited Statement of Financial Condition has been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP".)

The preparation of this Statement of Financial Condition in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Statement of Financial Condition during the reporting period. Actual result could differ from these estimates.

The accompanying Statement of Financial Condition may not be indicative of the financial condition if the Company had been operated as an unaffiliated entity.

Prudential Annuities Distributors, Inc.
Statement of Financial Condition
December 31, 2013

The Company's advanced commissions receivable consist of receivables due from the PLAZ, PLNJ and PALAC for variable annuity commissions paid in advance.

The Company defines cash and cash equivalents as cash on hand, amounts due from banks and from money market mutual funds. Money market mutual funds are stated at cost, which approximates market value. Cash and cash equivalents of \$42,809 represents 42,808,294 shares of a Prudential money market mutual fund distributed by PIMS.

3. Fair Value Assets and Liabilities

Fair Value Measurement—Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance around fair value establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1—Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available. Active markets are defined as having the following characteristics for the measured asset/liability: (i) many transactions, (ii) current prices, (iii) price quotes not varying substantially among market makers, (iv) narrow bid/ask spreads and (v) most information publicly available.

Level 2—Fair value is based on significant inputs, other than Level 1 inputs, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, and other market observable inputs.

Level 3—Fair value is based on at least one or more significant unobservable inputs for the asset or liability. These inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability.

The Company did not have any assets or liabilities carried at fair value; however US GAAP requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair values. Certain financial instruments that are not carried at fair value on the balance sheet are carried at amounts that approximate fair values due to their short term nature and generally negligible credit risk. These instruments include cash and cash equivalents, distribution and service fees receivable, advance commissions receivable, payable to affiliates and accounts payable, and other accrued liabilities. Cash and cash equivalents are considered Level 1 financial assets while all other financial instruments listed above are considered Level 2.

Prudential Annuities Distributors, Inc.
Statement of Financial Condition
December 31, 2013

The table below presents the carrying amount and fair value by hierarchy level of certain financial instruments that are not reported at fair value. However, as described below, the carrying amount equals or approximates fair value. The Company did not have any transfers between the levels during the year.

	Fair Value			Total	Carrying
	Level 1	Level 2	Level 3		Amount
Assets:					Total
Cash and cash equivalents	\$ 42,809	\$ -	\$ -	\$ 42,809	\$42,809
Advanced commissions receivable	-	5,161	-	5,161	5,161
Distribution and Service Fees Receivable	-	1,783	-	1,783	1,783
Total Assets	\$ 42,809	\$ 6,944	-	\$49,753	\$49,753
Liabilities					
Payable to affiliates	\$ -	\$ 7,886	\$ -	\$ 7,886	\$ 7,886
Accounts payable and other accrued liabilities	-	37	-	37	37
Total Liabilities	\$ -	\$7,923	-	\$7,923	\$7,923

4. Income Taxes

The Company is a member of an affiliated group of companies that join in filing a consolidated federal income tax return. In addition, the Company and certain affiliates join in the filing of a consolidated state income tax return.

The Company has deferred tax assets of \$185 related to net operating loss carry forward and deferred compensation at December 31, 2013. Federal net operating loss expires in 2031.

The application of U.S. GAAP requires the Company to evaluate the recoverability of deferred tax assets and establish a valuation allowance if necessary to reduce the deferred tax asset to an amount that is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) in which tax jurisdictions they were generated and the timing of their reversal; (4) taxable income in prior carryback years as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized in the various taxing jurisdictions; (6) any unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Although realization is not assured, management believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. No valuation allowances were recorded in 2013.

The Federal statute of limitations for the 2004 through 2006 tax years will expire in September 2014 unless extended. The Federal statute of limitations for the 2007 through 2009 tax years will

Prudential Annuities Distributors, Inc.
Statement of Financial Condition
December 31, 2013

expire in December 2014, unless extended. Tax years 2010 through 2013 are still open for IRS examination. For the consolidated U.S. Federal income tax years 2007 through 2013 the Company participated in the Internal Revenue Service's ("Service") Compliance Assurance Program (the "CAP"). Under CAP, the Service assigns an examination team to review completed transactions contemporaneously during these tax years in order to reach agreement with the Company on how they should be reported in the tax return. If disagreements arise, accelerated resolutions programs are available to resolve the disagreements in a timely manner before the tax return is filed. It is management's expectation this new program will shorten the time period between Prudential's filing of its Federal income tax return and the Service's completion of its examination of the return.

5. Related Party Transactions

Certain balances included in Payable to affiliates, net on the Statement of Financial Condition have been recorded net in accordance with ASC 210-20 and there is no cross netting between different affiliated entities.

In 2013, the Company had the following related party transactions:

Statement of Financial Condition	Receivable	Payable
Advanced commissions receivable	\$ 5,161	\$ 5,161
Payable to affiliates	-	2,725
	<u>\$ 5,161</u>	<u>\$ 7,886</u>

6. Commitments and Contingent Liabilities

The Company is subject to legal and regulatory actions in the ordinary course of its business. Management of the Company, after consultation with its legal counsel, believes that the ultimate resolution of any pending litigation and regulatory matters should not have any material adverse effect on the Company's statement of financial condition.

7. Regulatory Requirements

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1), pursuant to the Securities Exchange Act of 1934 (the "Act"), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2013, the Company had net capital of \$17,864, which was \$16,003 in excess of its required net capital of \$1,861. The Company's ratio of aggregate indebtedness to net capital was 1.56 to 1.

The Company is exempt from Rule 15c3-3 since it does not hold customer funds or safekeep customer securities. The Company claims exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(1) of that Rule.

Prudential Annuities Distributors, Inc.
Statement of Financial Condition
December 31, 2013

8. Subsequent Events

The Company has evaluated and determined that no events or transactions occurred after December 31, 2013 that would require recognition or disclosure in this Statement of Financial Condition through the issuance date of this Statement of Financial Condition.



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