



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



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

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 01/01/2014 AND ENDING 12/31/2014 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.)

FIRM I.D. NO.

One Corporate Drive (No. and Street) Shelton (City) CT (State) 06484-0883 (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:

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

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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)

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OATH OR AFFIRMATION

I, Steven Weinreb *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., as of December 31, 2014, 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:

[Signature]

Signature

LISA K. ROBERSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Feb. 8, 2016

Chief Financial Officer

Title

[Signature]
Notary Public

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

- X (a) Facing Page.
- X (b) Statement of Financial Condition.
- X (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- X (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- X (g) Computation of Net Capital.
- X (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- X (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.
- X (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.
- X (o) Statement of Cash Flows.

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

Prudential Annuities Distributors, Inc.

**Statement of Financial Condition
December 31, 2014**

SEC ID No. 8-36540

This report is deemed PUBLIC in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934.

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Report of Independent Registered Public Accounting Firm

To the Management of Prudential Annuities Distributors, Inc.:

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Prudential Annuities Distributors, Inc. (the "Company") at December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit. We conducted our audit of this statement of financial condition in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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 of the statement of financial condition provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
March 9, 2015

Prudential Annuities Distributors, Inc.
Statement of Financial Condition
December 31, 2014

(dollars in thousands)

Assets

Cash and cash equivalents	\$	45,973
Receivable from affiliates		1,334
Distribution and service fees receivable		2,231
Advanced commissions receivable		4,345
Prepaid expenses and other assets		504
Income tax receivable from Parent		455
Total assets	\$	<u>54,842</u>

Liabilities and Stockholder's Equity

Liabilities

Payable to affiliates	\$	17,876
Income tax payable to Parent		5,812
Accounts payable and other accrued liabilities		58
Total liabilities		<u>23,746</u>

Commitments and contingent liabilities (See 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		22,100
Total stockholder's equity		<u>31,096</u>
Total liabilities and stockholder's equity	\$	<u>54,842</u>

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

Prudential Annuities Distributors, Inc.
Notes to Statement of Financial Condition
December 31, 2014

(dollars in thousands)

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. (the "Parent"), 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 Prucó 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.

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 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 and the reported amounts of revenues and expenses during the reporting period. Actual results 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.

Cash and cash equivalents includes amounts due from banks and from money market mutual funds. Cash and cash equivalents of \$45,973 includes shares of a Prudential money market mutual fund distributed by Prudential Investment Management Services, LLC ("PIMS").

Prudential Annuities Distributors, Inc.
Notes to Statement of Financial Condition
December 31, 2014

(dollars in thousands)

The Company is a member of the federal income tax return of Prudential and primarily files separate company and unitary state and local tax returns.

Deferred income taxes are recognized, based on enacted rates, when assets and liabilities have different values for financial statement and tax reporting purposes. A valuation allowance is recorded to reduce a deferred tax asset to the amount expected to be realized.

The application of U.S. GAAP requires the Company to evaluate the recoverability of the Company's deferred tax assets and establish a valuation allowance if necessary to reduce the Company's deferred tax assets 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. 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.

ASC 740 requires the Company to account for unrecognized tax benefits, interest and penalties which relate to tax years still subject to review by the Internal Revenue Service ("IRS") or other taxing jurisdictions. Audit periods remain open for review until the statute of limitations has passed. Generally, for tax years which produce net operating losses, capital losses or tax credit carryforwards ("tax attributes"), the statute of limitations does not close, to the extent of these tax attributes, until the expiration of the statute of limitations for the tax year in which they are fully utilized. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the liability for income taxes. The Company classifies all interest and penalties related to tax uncertainties as income tax expense.

See Note 4 for additional information regarding income taxes.

3. Fair Value Assets and Liabilities

Fair Value Measurement—Fair value represents 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 fair value guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. 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.

Level 2—Fair value is based on significant inputs, other than quoted prices included in Level 1, 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.

Prudential Annuities Distributors, Inc.
Notes to Statement of Financial Condition
December 31, 2014

(dollars in thousands)

Level 3—Fair value is based on at least one or more significant unobservable inputs for the asset or liability. The assets and liabilities in this category may require significant judgment or estimation in determining the fair value. The Company does not have any level 3 assets or liabilities.

The table below presents the balances of assets measured at fair value on a recurring basis. There were no liabilities carried at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Cash equivalents	\$ 45,973	\$ -	\$ -	\$ 45,973

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.

	<u>Fair Value</u>				<u>Carrying Amount</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Total</u>
Assets:					
Advanced commissions receivable	\$ -	\$ 4,345	\$ -	\$ 4,345	\$ 4,345
Distribution and service fees receivable	-	2,231	-	2,231	2,231
Receivable from affiliates	-	1,334	-	1,334	1,334
Total Assets	<u>\$ -</u>	<u>\$ 7,910</u>	<u>\$ -</u>	<u>\$ 7,910</u>	<u>\$ 7,910</u>
Liabilities					
Payable to affiliates	\$ -	\$ 17,876	\$ -	\$ 17,876	\$ 17,876
Accounts payable and other accrued liabilities	-	58	-	58	58
Total Liabilities	<u>\$ -</u>	<u>\$ 17,934</u>	<u>\$ -</u>	<u>\$ 17,934</u>	<u>\$ 17,934</u>

The Company believes that due to the short-term nature of the assets listed above, the carrying value approximates fair value. The Company also believes that due to the short term until settlement of the liabilities listed above, carrying value approximates fair value.

4. Income Taxes

The Company has deferred tax assets of \$406 related to deferred compensation at December 31, 2014.

As of December 31, 2014, the company does not require a valuation allowance for its deferred tax assets.

U.S. GAAP prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its Statement of Financial Condition uncertain tax positions that a company has taken or expects to take on its tax returns. The Company does not have any unrecognized tax benefits at December 31, 2014.

Prudential Annuities Distributors, Inc.
Notes to Statement of Financial Condition
December 31, 2014

(dollars in thousands)

The Company files a consolidated Federal income tax return with its parent. The tax years that remain subject to examination by the Internal Revenue Service at December 31, 2014 are 2007 through 2014.

For tax years 2007 through 2015, the Company is participating in the IRS's Compliance Assurance Program ("CAP"). Under CAP, the IRS assigns an examination team to review completed transactions as they occur in order to reach agreement with the Company on how they should be reported in the relevant tax returns. If disagreements arise, accelerated resolutions programs are available to resolve the disagreements in a timely manner before the tax return is filed.

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.

As of December 31, 2014, the Company had the following related party transactions:

Statement of Financial Condition	Receivable	Payable
Advanced commissions	\$ 4,345	\$ 4,345
Distribution and service fees receivable	2,231	-
Receivable from affiliates	1,334	-
Payable to affiliates	-	13,531
	<u>\$ 7,910</u>	<u>\$ 17,876</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, 2014, the Company had net capital of \$24,243, which was \$22,660 in excess of its required net capital of \$1,583. The Company's ratio of aggregate indebtedness to net capital was 0.98 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

Prudential Annuities Distributors, Inc.
Notes to Statement of Financial Condition
December 31, 2014

(dollars in thousands)

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.

8. Subsequent Events

The Company has evaluated and determined that no events or transactions occurred after December 31, 2014 through the issuance date of this Statement of Financial Condition that would require recognition or disclosure in this Statement of Financial Condition.