

ING PRIME RATE TRUST  
Form N-CSR  
May 05, 2005

OMB APPROVAL

OMB Number: 3235-0570

Expires: October 31, 2006

Estimated average burden hours per response: 19.3

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: **811-5410**

**ING Prime Rate Trust**

(Exact name of registrant as specified in charter)

**7337 E. Doubletree Ranch Rd., Scottsdale, AZ**  
(Address of principal executive offices)

**85258**  
(Zip code)

**CT Corporation System, 101 Federal Street, Boston, MA 02110**

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(Name and address of agent for service)

Registrant's telephone number, including area code: **1-800-992-0180**

Date of fiscal year end: February 28

Date of reporting period: February 28, 2005

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**Item 1. Reports to Stockholders.**

The following is a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Act (17 CFR 270.30e-1):

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# Annual Report

**February 28, 2005**

## ING Prime Rate Trust

E-Delivery Sign-up details inside

This report is submitted for general information to shareholders of the ING Funds. It is not authorized for distribution to prospective shareholders unless accompanied or preceded by a prospectus which includes details regarding the funds' investment objectives, risks, charges, expenses and other information. This information should be read carefully.

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# ING Prime Rate Trust

## ANNUAL REPORT

February 28, 2005

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## ING Prime Rate Trust

### PORTFOLIO MANAGERS REPORT

Dear Shareholders:

ING Prime Rate Trust (the Trust) is a diversified, closed-end management investment company that seeks to provide investors with as high a level of current income as is consistent with the preservation of capital. The Trust seeks to achieve this objective by investing in a professionally managed portfolio comprised primarily of senior loans.

### PORTFOLIO CHARACTERISTICS AS OF FEBRUARY 28, 2005

|   |                 |
|---|-----------------|
| Net Assets  | \$1,082,748,475 |
| Total Assets  | \$2,081,042,903 |
| Assets Invested in Senior Loans   | \$2,017,770,985 |
| Senior Loans Represented  | 447             |
| Average Amount Outstanding per Loan   | \$4,514,029     |
| Industries Represented  | 38              |
| Average Loan Amount per Industry  | \$53,099,236    |
| Portfolio Turnover Rate   | 93%             |
| Weighted Average Days to Interest Rate Reset                                | 39              |
| Average Loan Final Maturity   | 64 months       |
| Total Leverage as a Percentage of Total Assets (including Preferred Shares) | 45.46%          |

### PERFORMANCE SUMMARY

The Trust declared \$0.11 of dividends during the fourth fiscal quarter and \$0.43 for the year ended February 28, 2005. Based on the average month-end net asset value (NAV) per share of \$7.38, this resulted in an annualized distribution rate of 5.80%(1) for the quarter and 5.75%(1) for the year. The Trust's total return for the fourth fiscal quarter, based on NAV, was 2.43%, versus a total return on the S&P/LSTA Leveraged Loan Index of 1.27% for the same quarter. For the year, the total return, based on NAV, was 7.70%, versus 4.81% for the S&P/LSTA Leveraged Loan Index. The total market value return (based on full reinvestment of dividends) for the Trust's common shares during the fourth fiscal quarter was 3.10% and 2.04% for the year ended February 28, 2005.

### MARKET OVERVIEW

The non-investment grade (or leveraged) loan market continued to exhibit what is, in our view, a very firm tone during the Trust's fourth fiscal quarter. For some time now, market sentiment has been buoyed by a combination of solid domestic economic growth and good prospects for further expansion, a relatively benign credit environment (i.e., low cyclical default rates and fewer ratings downgrades), and perhaps most

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importantly, the expectation of a continued measured (i.e., slow and steady) pace of Federal Reserve Board ( Fed ) interest rate increases. These factors have combined to create unprecedented demand for higher-yielding, ultra-short duration floating rate investment alternatives, such as non-investment grade loans. While demand has accelerated to levels not seen in several years, the supply of new leveraged loans, although respectable from a statistical perspective (\$79 billion in the first calendar quarter of 2005), has continued to lag investor appetite. As in any credit market, with excess demand typically comes a host of less desirable outcomes, such as spread compression (i.e., lower borrowing spreads on newly issued loans); increasingly aggressive transaction structures and; specific to the secured loan market, less restrictive covenant protection

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(1) The distribution rate is calculated by annualizing dividends declared during the period and dividing the resulting annualized dividend by the Trust's average month-end net asset value (in the case of NAV) or the average month-end NYSE Composite closing price (in the case of Market). The distribution rate is based solely on the actual dividends and distributions, which are made at the discretion of management. The distribution rate may or may not include all investment income and ordinarily will not include capital gains or losses, if any.



## ING Prime Rate Trust

### PORTFOLIO MANAGERS REPORT (continued)

afforded to secured lenders. To the former, the average borrowing spread on a new BB/BB- rated loan fell to a record low in March of 2005, further evidencing a market that favors the seller (i.e., the loan issuer or borrowing company). Looking forward, it remains difficult to say whether the descent in average borrowing spreads is approaching, or has reached, a bottom. As to the structural integrity of the loan market, it is clear to us that investors have become comfortable with placing more debt on companies while offering more flexible terms and conditions. Although we remain confident, generally speaking, that the bulk of new loan transactions currently coming to market are being arranged for companies with proven managers and business models, we remain very sensitive to structural degradation, and have thus become increasingly selective in our investment selection process, effectively investing with one eye toward expected performance in a decidedly less receptive credit environment.

#### TOP TEN INDUSTRY SECTORS AS OF FEBRUARY 28, 2005 AS A PERCENTAGE OF:

|                                     | TOTAL<br>ASSETS | NET<br>ASSETS |
|-------------------------------------|-----------------|---------------|
| North American Cable                | 9.2%            | 17.8%         |
| Printing and Publishing             | 7.9%            | 15.2%         |
| Healthcare, Education and Childcare | 7.3%            | 14.0%         |
| Chemicals, Plastics and Rubber      | 5.0%            | 9.7%          |
| Leisure, Amusement, Entertainment   | 4.6%            | 8.8%          |
| Containers, Packaging and Glass     | 4.4%            | 8.5%          |
| Buildings and Real Estate           | 4.3%            | 8.2%          |
| Utilities                           | 4.1%            | 7.8%          |
| Radio and TV Broadcasting           | 3.9%            | 7.6%          |
| Automobile                          | 3.4%            | 6.6%          |

*Portfolio holdings are subject to change daily.*

### PORTFOLIO OVERVIEW

Consistent with recent periods, strong performance by the Trust's top holdings drove returns, as did our ability to both avoid developing problems and remain fully invested through the use of leverage by the Trust. The Trust held meaningful positions in the quarter's top five contributing loans, two of which resided within the Trust's top five positions (Charter Communications Operating, LLC and General Growth Properties, Inc., 2.7% and 1.7% of total assets, respectively, at fiscal year-end). Equally as important, the Trust did not have a material position in any of the five worst contributing issues during the quarter. Sector weightings did not vary significantly from the end of last quarter. Each of the top three sector exposures (Cable Television: 9.2% of total assets at February 28, 2005; Printing and Publishing: 7.9%; and Healthcare: 7.3%) were positive contributors to quarterly returns. Notable changes in other sectors during the fourth fiscal quarter include a continued

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reduction in Automobile (to 3.6%, from 4.5% at the end of the prior quarter), predicated on an adverse earnings and liquidity outlook, and an increase in Buildings and Real Estate (to 4.3% from 3.8% at last quarter-end), owing principally to an increase in new activity from several diversified Real Estate Investment Trusts (REITs). Non-performing loan assets (i.e., past due as to contractual interest and/or principal) continued to decline, ending the quarter at less than 0.70% of total assets, the bulk of which are illiquid positions acquired several years ago.

The Trust remains well-diversified. As of February 28, 2005, the average individual loan position represented approximately 0.22% of total assets, while the average industry sector exposure accounted for roughly 2.56%.

### TOP TEN SENIOR LOAN ISSUERS AS OF FEBRUARY 28, 2005 AS A PERCENTAGE OF:

|                                       | TOTAL<br>ASSETS | NET<br>ASSETS |
|---------------------------------------|-----------------|---------------|
| Charter Communications Operating, LLC | 2.7%            | 5.3%          |
| General Growth Properties, Inc.       | 1.7%            | 3.3%          |
| Olympus Cable Holdings, LLC           | 1.4%            | 2.6%          |
| Century Cable Holdings, LLC           | 1.2%            | 2.4%          |
| Community Health Systems, Inc.        | 1.2%            | 2.3%          |
| Dex Media West, LLC                   | 1.1%            | 2.0%          |
| Insight Midwest Holding, LLC          | 1.0%            | 1.9%          |
| Metro-Goldwyn-Mayer Studios, Inc.     | 0.9%            | 1.8%          |
| Davita, Inc.                          | 0.9%            | 1.7%          |
| Paxson Communications Corporation     | 0.9%            | 1.7%          |

*Portfolio holdings are subject to change daily.*

## ING Prime Rate Trust

PORTFOLIO MANAGERS REPORT (continued)

### USE OF LEVERAGE

The Trust utilizes financial leverage to seek to increase the yield to the holders of common shares. As of February 28, 2005, the Trust had \$450 million of Aaa/AA<sup>(2)</sup> rated cumulative auction rate preferred shares outstanding, and \$496 million of borrowings outstanding under \$570 million in available credit facilities. Total leverage, as a percentage of total assets (including preferred shares), was 45.46% at period end. The use of leverage for investment purposes increases both investment opportunity and investment risk.

### OUTLOOK

Short of any material external disruption that would affect investor sentiment or the capital markets at large, the near-term outlook for the non-investment grade loan market is one of little change. We believe that robust demand is likely to continue to outstrip what appears to be an increasingly inconsistent supply of new loans, keeping secondary loan prices very firm (a positive for net asset value stability) and new issue spreads and yields at historical lows. However, we expect that the new issue pipeline to remain skewed towards lower-rated issuers, further testing the risk/return profile of the loan asset class. Fortunately, unless default rates were to rise rapidly and materially, an assumption not

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supported by the currently available data, we do not expect the recent volatility experienced in the fixed income and equity markets to spill over into the traditional leveraged loan market. In short, we believe an investment in the non-investment grade loan market will deliver a coupon-like return over the near-term, one that should continue to increase as the Fed marches forward in its attempt to keep inflation at an acceptable level. In addition, and equally as important, an investment in the asset class is also expected to provide an effective hedge against a potential decline in bond fund values brought on by rising interest rates. Our investment strategy remains credit-focused; as in the past, we will continue to forfeit spread in order to maintain credit discipline.

We thank you for your investment in ING Prime Rate Trust.

Jeffrey A. Bakalar  
*Senior Vice President*  
*Senior Portfolio Manager*  
*ING Investment Management Co.*

Daniel A. Norman  
*Senior Vice President*  
*Senior Portfolio Manager*  
*ING Investment Management Co.*

ING Prime Rate Trust  
April 12, 2005

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(2) Obligations rated Aaa by Moody's Investors Service are judged to be of the highest quality, with minimal credit risk. An obligator rated AAA has extremely strong capacity to meet its financial commitments. AAA is the highest Issuer Credit Rating assigned by Standard & Poor's. Credit quality refers to the Trust's underlying investments, not to the stability or safety of this Trust.

## ING Prime Rate Trust

### PORTFOLIO MANAGERS REPORT (continued)

|   | Average Annual Total Returns for the<br>Periods Ended February 28, 2005 |         |         |          |
|---|---|---------|---------|----------|
|   | 1 Year  | 3 Years | 5 Years | 10 Years |
| Based on Net Asset Value (NAV)                  | 7.70%   | 7.77%   | 3.99%   | 5.85%    |
| Based on Market Value                           | 2.04%   | 10.45%  | 5.95%   | 6.97%    |
| Credit Suisse First Boston Leveraged Loan Index | 5.33%   | 6.16%   | 4.97%   | 5.90%    |
| S&P/LSTA Leveraged Loan Index <sup>(a)</sup>    | 4.81%   | 5.83%   | 5.11%   |          |

*Performance data represents past performance and is no guarantee of future results. Investment return and principal value of an investment in the Trust will fluctuate. Shares, when sold, may be worth more or less than their original cost. The Trust's performance may be lower or higher than the performance data shown. Please log on to [www.ingfunds.com](http://www.ingfunds.com) or call (800) 992-0180 to get performance through the most recent month end.*

*Assumes rights were exercised and excludes sales charges and commissions<sup>(b),(c)</sup>*

(a) Performance since inception for the index is 5.37% from January 1, 1997.

(b) Calculation of total return assumes a hypothetical initial investment at the net asset value (in the case of NAV) or the NYSE Composite closing price (in the case of Market Value) on the last business day before the first day of the stated period, with all dividends and distributions reinvested at the actual reinvestment price.

(c) On October 18, 1996, the Trust issued to its shareholders non-transferable rights which entitled the holders to subscribe for 18,122,963 shares of the Trust's common stock at the rate of one share of common stock for each five rights held. On November 12, 1996, the offering expired and was fully subscribed. The Trust issued 18,122,963 shares of its common stock to exercising rights holders at a subscription price of \$9.09. Offering costs of \$6,972,203 were charged against the offering proceeds.

*Senior loans are subject to credit risks and the potential for non-payment of scheduled principal or interest payments, which may result in a reduction of the Trust's NAV.*

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*This report contains statements that may be forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements.*

*The views expressed in this report reflect those of the portfolio managers, only through the end of the period of the report as stated on the cover. The portfolio managers' views are subject to change at any time based on market and other conditions.*

### INDEX DESCRIPTIONS

The **Credit Suisse First Boston Leveraged Loan Index** is an unmanaged index of below investment grade loans designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. An investor cannot invest directly in an index.

The **S&P/LSTA Leveraged Loan Index ( LLI )** is an unmanaged total return index that captures accrued interest, repayments, and market value changes. It represents a broad cross section of leveraged loans syndicated in the United States, including dollar-denominated loans to overseas issuers. Standard & Poor's and the Loan Syndications & Trading Association ( LSTA ) conceived the LLI to establish a performance benchmark for the syndicated leveraged loan industry. An investor cannot invest directly in an index.

## ING Prime Rate Trust

PORTFOLIO MANAGERS REPORT (continued)

### YIELDS AND DISTRIBUTIONS RATES

| Quarter Ended     | Prime Rate | Net Asset Value ( NAV )<br>30-Day SEC Yield(A) | Market<br>30-Day SEC Yield(A) | Average Annualized Distribution Rate at NAV(B) | Average Annualized Distribution Rate at Market(B) |
|-------------------|------------|--|-------------------------------|--|---|
| February 28, 2005 | 5.50%      | 6.84%  | 6.75%                         | 5.80%  | 5.68%   |
| November 30, 2004 | 5.00%      | 5.83%  | 5.80%                         | 5.86%  | 5.62%   |
| August 31, 2004   | 4.50%      | 6.03%  | 5.55%                         | 5.74%  | 5.31%   |
| May 31, 2004      | 4.00%      | 5.83%  | 5.44%                         | 5.62%  | 5.17%   |

(A) Yield is calculated by dividing the Trust's net investment income per share for the most recent thirty days by the net asset value (in the case of NAV) or the NYSE Composite closing price (in the case of market) at quarter-end. Yield calculations do not include any commissions or sales charges, and are compounded for six months and annualized for a twelve-month period to derive the Trust's yield consistent with the SEC standardized yield formula for investment companies.

(B) The distribution rate is calculated by annualizing each monthly dividend, then averaging the annualized dividends declared for each month during the quarter and dividing the resulting average annualized dividend amount by the Trust's average net asset value (in the case of NAV) or the NYSE Composite closing price (in the case of Market) at the end of the period.

**Principal Risk Factor(s):** This closed-end Fund may invest in below investment grade senior loans. Investment in the Fund involves the risk that borrowers may default on obligations, or that lenders may have difficulty liquidating the collateral securing the loans or enforcing their rights under the terms of the senior loans. Senior loans are subject to credit risks and the potential for non-payment of scheduled principal or interest payments, which may result in a reduction of the Fund's NAV. The use of leverage for investment purposes increases both investment opportunity and investment risk. In the event of a general market decline in the value of assets such as those in which the Fund invests, the effect of that decline will be magnified in the Fund because of the additional assets purchased with the proceeds of the leverage.

**Interest Rate Risk:** Changes in market interest rates will affect the yield on the Fund's Common Shares. If market interest rates fall, the yield on the Fund's Common Shares will also fall. In addition, changes in market interest rates may cause

the Fund's NAV to experience moderate volatility because of the lag between changes in market rates and the resetting of the floating rates on assets in the Fund's portfolio. To the extent that market interest rate changes are reflected as a change in the market spreads for loans of the type and quality in which the Fund invests, the value of the Fund's portfolio may decrease in response to an increase in such spreads. Finally, substantial increases in interest rates may cause an increase in loan defaults as borrowers may lack the resources to meet higher debt service requirements.



## ING Prime Rate Trust

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and  
Shareholders of  
ING Prime Rate Trust:

We have audited the accompanying statement of assets and liabilities of ING Prime Rate Trust (the Trust ), including the portfolio of investments, as of February 28, 2005, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of February 28, 2005 by correspondence with the custodian and brokers, or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of ING Prime Rate Trust as of February 28, 2005, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with principles generally accepted in the United States of America.

April 15, 2005  
Los Angeles, California

## ING Prime Rate Trust

STATEMENT OF ASSETS AND LIABILITIES as of February 28, 2005

|  |           |                      |
|--|-----------|----------------------|
| <b>ASSETS:</b>   |           |                      |
| Investments in securities at value (Cost \$2,027,910,179)  | \$        | 2,051,247,065        |
| Cash   |           | 11,412,908           |
| Receivables:   |           |                      |
| Investment securities sold   |           | 6,883,979            |
| Interest   |           | 11,310,753           |
| Other  |           | 77,753               |
| Prepaid expenses   |           | 110,445              |
| Total assets   |           | 2,081,042,903        |
| <b>LIABILITIES:</b>  |           |                      |
| Notes payable  |           | 496,000,000          |
| Payable for investments purchased  |           | 46,760,536           |
| Deferred arrangement fees on senior loans  |           | 1,766,828            |
| Dividends payable - preferred shares   |           | 144,812              |
| Payable to affiliates  |           | 1,611,779            |
| Accrued trustee fees   |           | 881                  |
| Other accrued expenses and liabilities   |           | 2,009,592            |
| Total liabilities  |           | 548,294,428          |
| Preferred shares, \$25,000 stated value per share at liquidation value (18,000 shares outstanding)   |           | 450,000,000          |
| <b>NET ASSETS</b>  | <b>\$</b> | <b>1,082,748,475</b> |
| Net assets value per common share outstanding (net assets less preferred shares at liquidation value, divided by 145,033,235 shares of beneficial interest authorized and outstanding, no par value) | \$        | 7.47                 |
| <b>NET ASSETS CONSIST OF:</b>  |           |                      |
| Paid-in capital  | \$        | 1,343,955,826        |
| Undistributed net investment income  |           | 4,220,860            |
| Accumulated net realized loss on investments   |           | (288,765,097)        |
| Net unrealized appreciation on investments   |           | 23,336,886           |
| <b>NET ASSETS</b>  | <b>\$</b> | <b>1,082,748,475</b> |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

STATEMENT OF OPERATIONS for the Year Ended February 28, 2005

**INVESTMENT INCOME:**

|                         |    |            |
|-------------------------|----|------------|
| Interest                | \$ | 91,324,169 |
| Arrangement fees earned |    | 1,884,734  |
| Dividends               |    | 106,482    |
| Other                   |    | 2,215,636  |
| Total investment income |    | 95,531,021 |

**EXPENSES:**

|   |  |            |
|---|--|------------|
| Investment management fees                        |  | 15,215,686 |
| Administration fees                               |  | 4,754,902  |
| Transfer agent and registrar fees                 |  | 76,188     |
| Interest  |  | 9,128,168  |
| Shareholder reporting expense                     |  | 147,899    |
| Custodian fees                                    |  | 902,207    |
| Professional fees                                 |  | 886,116    |
| Preferred Shares - Dividend disbursing agent fees |  | 1,187,231  |
| Pricing expense                                   |  | 71,406     |
| ICI fees  |  | 34,280     |
| Postage expense                                   |  | 209,959    |
| Trustee fees                                      |  | 39,011     |
| Excise tax expense                                |  | 117,314    |
| Miscellaneous expense                             |  | 202,658    |
| Total expenses                                    |  | 32,973,025 |
| Reimbursed expenses                               |  | (117,314)  |
| Net expenses                                      |  | 32,855,711 |
| Net investment income                             |  | 62,675,310 |

**REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS:**

|  |  |             |
|--|--|-------------|
| Net realized loss on investments                                     |  | (7,289,446) |
| Net change in unrealized appreciation or depreciation on investments |  | 28,507,450  |
| Net realized and unrealized gain on investments                      |  | 21,218,004  |

**DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:**

|   |           |                   |
|---|-----------|-------------------|
| From net investment income                                  |           | (7,597,393)       |
| <b>Net increase in net assets resulting from operations</b> | <b>\$</b> | <b>76,295,921</b> |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

### STATEMENTS OF CHANGES IN NET ASSETS

|  | <b>Year Ended<br/>February 28,<br/>2005</b> | <b>Year Ended<br/>February 29,<br/>2004</b> |
|--|---|---|
| <b>FROM OPERATIONS:</b>  |   |   |
| Net investment income  | \$ 62,675,310                               | \$ 64,881,220                               |
| Net realized loss on investments   | (7,289,446)                                 | (45,502,509)                                |
| Net change in unrealized appreciation or depreciation on investments                                     | 28,507,450                                  | 126,661,233                                 |
| Distributions to preferred shareholders from net investment income                                       | (7,597,393)                                 | (5,199,537)                                 |
| Net increase in net assets resulting from operations   | 76,295,921                                  | 140,840,407                                 |
| <b>FROM DISTRIBUTIONS TO COMMON SHAREHOLDERS:</b>  |   |   |
| From net investment income   | (59,700,239)                                | (57,649,691)                                |
| Total distributions to common shareholders   | (59,700,239)                                | (57,649,691)                                |
| <b>FROM CAPITAL SHARE TRANSACTIONS:</b>  |   |   |
| Dividends reinvested for common shares   | 4,891,202                                   | 4,364,604                                   |
| Sales of shares in connection with shelf offering  | 50,936,150                                  | 386,779                                     |
| Net increase from capital share transactions   | 55,827,352                                  | 4,751,383                                   |
| Net increase in net assets   | 72,423,034                                  | 87,942,099                                  |
| <b>NET ASSETS:</b>   |   |   |
| Beginning of year  | 1,010,325,441                               | 922,383,342                                 |
| End of year (including undistributed net investment income of \$4,220,860 and \$9,661,472, respectively) | \$ 1,082,748,475                            | \$ 1,010,325,441                            |
| <b>SUMMARY OF CAPITAL SHARE TRANSACTIONS:</b>  |   |   |
| Shares issued in payment of distributions from net investments income                                    | 652,703                                     | 612,173                                     |
| Shares sold in connection with shelf offering  | 6,742,261                                   | 53,184                                      |
| Net increase in shares outstanding   | 7,394,964                                   | 665,357                                     |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

STATEMENT OF CASH FLOWS for the Year Ended February 28, 2005

**INCREASE (DECREASE) IN CASH**

**Cash Flows from Operating Activities:**

|  |    |                 |
|--|----|-----------------|
| Interest received                        | \$ | 85,293,736      |
| Dividends received                       |    | 106,482         |
| Dividends paid to preferred shareholders |    | (7,519,860)     |
| Arrangement fee paid                     |    | (579,456)       |
| Other income received                    |    | 2,231,200       |
| Interest paid                            |    | (8,296,983)     |
| Other operating expenses paid            |    | (23,896,220)    |
| Purchases of securities                  |    | (2,091,167,613) |
| Proceeds from sales of securities        |    | 1,785,646,425   |
| Net cash used in operating activities    |    | (258,182,289)   |

**Cash Flows from Financing Activities:**

|   |    |              |
|---|----|--------------|
| Distributions paid to common shareholders       |    | (54,809,037) |
| Proceeds from shelf offerings                   |    | 50,936,150   |
| Net issuance of notes payable                   |    | 271,000,000  |
| Net cash flows provided by financing activities |    | 267,127,113  |
| Net increase in cash                            |    | 8,944,824    |
| Cash at beginning of year                       |    | 2,468,084    |
| Cash at end of year                             | \$ | 11,412,908   |

**Reconciliation of Net Increase in Net Assets Resulting from Operations to Net Cash Used in Operating Activities:**

|   |    |                 |
|---|----|-----------------|
| Net increase in net assets resulting from operations  | \$ | 76,295,921      |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: |    |                 |
| Change in unrealized depreciation on securities   |    | (28,507,450)    |
| Net accretion of discounts on securities  |    | (2,458,968)     |
| Realized loss on sale of securities   |    | 7,289,446       |
| Purchase of securities  |    | (2,091,167,613) |
| Proceeds on sale of securities  |    | 1,785,646,425   |
| Decrease in other assets  |    | 15,564          |
| Increase in interest receivable   |    | (3,571,465)     |
| Increase in prepaid expenses  |    | (73,155)        |
| Decrease in deferred arrangement fees on senior loans   |    | (2,464,190)     |
| Increase in preferred shareholder dividend payable  |    | 77,533          |
| Increase in affiliate payable   |    | 227,361         |
| Decrease in accrued trustee fees  |    | (41,321)        |
| Increase in accrued expenses  |    | 549,623         |
| Total adjustments   |    | (334,478,210)   |
| Net cash used in operating activities   | \$ | (258,182,289)   |
| <b>Noncash Financing Activities</b>   |    |                 |
| Reinvestment of dividends   | \$ | 4,891,202       |

See Accompanying Notes to Financial Statements



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|                      |                      |
|----------------------|----------------------|
| ING PRIME RATE TRUST | FINANCIAL HIGHLIGHTS |
|----------------------|----------------------|

For a common share outstanding throughout the period

|   | Years Ended February 28 or February 29, |           |         |         |           |
|---|---|-----------|---------|---------|-----------|
|   | 2005                                    | 2004      | 2003    | 2002    | 2001      |
| <b>Per Share Operating Performance</b>  |   |           |         |         |           |
| Net asset value, beginning of period  | \$ 7.34                                 | 6.73      | 7.20    | 8.09    | 8.95      |
| Income from investment operations:  |   |           |         |         |           |
| Net investment income   | \$ 0.45                                 | 0.46      | 0.50    | 0.74    | 0.88      |
| Net realized and unrealized gain (loss) on investments                            | \$ 0.16                                 | 0.61      | (0.47)  | (0.89)  | (0.78)    |
| Total from investment operations  | \$ 0.61                                 | 1.07      | 0.03    | (0.15)  | 0.10      |
| Distributions to Common Shareholders from net investment income                   |   |           |         |         |           |
| Distribution to Preferred Shareholders  | \$ (0.43)                               | (0.42)    | (0.45)  | (0.63)  | (0.86)    |
| Reduction in net asset value from Preferred Shares offerings                      | \$ (0.05)                               | (0.04)    | (0.05)  | (0.11)  | (0.06)    |
| Net asset value, end of year  | \$ 7.47                                 | 7.34      | 6.73    | 7.20    | 8.09      |
| Closing market price at end of period   | \$ 7.56                                 | 7.84      | 6.46    | 6.77    | 8.12      |
| Total Investment Return(1)  |   |           |         |         |           |
| Total investment return at closing market price(2)                                | %                                       | 2.04      | 28.77   | 2.53    | (9.20)    |
| Total investment return at net asset value(3)                                     | %                                       | 7.70      | 15.72   | 0.44    | (3.02)    |
| <b>Ratios/Supplemental Data</b>   |   |           |         |         |           |
| Net assets end of year (000 s)  | \$ 1,082,748                            | 1,010,325 | 922,383 | 985,982 | 1,107,432 |
| Preferred Shares-Aggregate amount outstanding (000 s)                             | \$ 450,000                              | 450,000   | 450,000 | 450,000 | 450,000   |
| Liquidation and market value per share of Preferred Shares                        |   |           |         |         |           |
| Borrowings at end of year (000 s)   | \$ 25,000                               | 25,000    | 25,000  | 25,000  | 25,000    |
| Asset coverage per \$1,000 of debt(4)   | \$ 496,000                              | 225,000   | 167,000 | 282,000 | 510,000   |
| Average borrowings (000 s)  | \$ 2,140                                | 2,500     | 2,500   | 2,350   | 2,150     |
|   | \$ 414,889                              | 143,194   | 190,671 | 365,126 | 450,197   |
| <b>Ratios to average net assets including Preferred Shares(5)</b>                 |   |           |         |         |           |
| Expenses (before interest and other fees related to revolving credit facility)(6) | %                                       | 1.60      | 1.45    | 1.49    | 1.57      |
| Net expenses after expense reimbursement(6)                                       | %                                       | 2.21      | 1.65    | 1.81    | 2.54      |
| Gross expenses prior to expense reimbursement(6)                                  | %                                       | 2.22      | 1.65    | 1.81    | 2.54      |
| Net investment income(6)  | %                                       | 4.21      | 4.57    | 4.97    | 6.83      |
| <b>Ratios to average net assets plus borrowings</b>                               |   |           |         |         |           |
| Expenses (before interest and other fees related to revolving credit facility)(6) | %                                       | 1.63      | 1.84    | 1.82    | 1.66      |
| Net expenses after expense reimbursement(6)                                       | %                                       | 2.26      | 2.09    | 2.23    | 2.70      |
| Gross expenses prior to expense reimbursement(6)                                  | %                                       | 2.27      | 2.09    | 2.23    | 2.70      |
| Net investment income(6)  | %                                       | 4.32      | 5.82    | 6.10    | 7.24      |
| <b>Ratios to average net assets</b>   |   |           |         |         |           |
| Expenses (before interest and other fees related to revolving credit facility)(6) | %                                       | 2.29      | 2.11    | 2.19    | 2.25      |
| Net expenses after expense reimbursement(6)                                       | %                                       | 3.17      | 2.40    | 2.68    | 3.64      |
| Gross expenses prior to expense reimbursement(6)                                  | %                                       | 3.18      | 2.40    | 2.68    | 3.64      |
| Net investment income(6)  | %                                       | 6.04      | 6.68    | 7.33    | 9.79      |
| Portfolio turnover rate   | %                                       | 93        | 87      | 48      | 53        |
| Common shares outstanding at end of period (000 s)                                | 145,033                                 | 137,638   | 136,973 | 136,973 | 136,847   |

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- (1) Total investment return calculations are attributable to common shares.
- (2) Total investment return measures the change in the market value of your investment assuming reinvestment of dividends and capital gain distributions, if any, in accordance with the provisions of the Trust's dividend reinvestment plan.
- (3) Total investment return at net asset value has been calculated assuming a purchase at net asset value at the beginning of each period and a sale at net asset value at the end of each period and assumes reinvestment of dividends and capital gain distributions in accordance with the provisions of the dividend reinvestment plan. This calculation differs from total investment return because it excludes the effects of changes in the market values of the Trust's shares.
- (4) Asset coverage represents the total assets available for settlement of Preferred Stockholder's interest and notes payables in relation to the Preferred Shareholder interest and notes payable balance outstanding. The Preferred Shares were first offered November 2, 2000.
- (5) Ratios do not reflect the effect of dividend payments to Preferred Shareholders; income ratios reflect income earned on assets attributable to the Preferred Shares.
- (6) Annualized for periods less than one year.

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2005

### NOTE 1 ORGANIZATION

ING Prime Rate Trust (the Trust), a Massachusetts business trust, is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end, management investment company. The Trust invests primarily in senior loans which are exempt from registration under the Securities Act of 1933, as amended (the 33 Act), but which contain certain restrictions on resale and cannot be sold publicly. These loans bear interest (unless otherwise noted) at rates that float periodically at a margin above the Prime Rate of a U.S. bank specified in the credit agreement, the London Inter-Bank Offered Rate (LIBOR), the certificate of deposit rate, or in some cases another base lending rate.

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with accounting principals generally accepted in the United States of America for investment companies.

A. *Senior Loan and Other Security Valuation.* Senior loans held by the Trust are normally valued at the mean of the means of one or more bid and ask quotations obtained from an independent pricing service or other sources determined by the Board of Trustees to be independent and believed to be reliable. Loans for which reliable market value quotations are not readily available may be valued with reference to another loan or a group of loans for which reliable quotations are readily available and whose characteristics are comparable to the loan being valued. Under this approach, the comparable loan or loans serve as a proxy for changes in value of the loan being valued.

The Trust has engaged an independent pricing service to provide readily available, reliable market value quotations from dealers in loans and, when such quotations are not readily available, to calculate values under the proxy procedure described above. As of February 28, 2005, 98.62% of total investments were valued based on these procedures. It is expected that most of the loans held by the Trust will continue to be valued with reference to quotations from the independent pricing service or with reference to the proxy procedure described above.

Prices from a pricing source may not be available for all loans and ING Investments, LLC (the Investment Manager) or ING Investment Management Co. (formerly, Aeltus Investment Management, Inc.) (ING IM, the Sub-Adviser), may believe that the price for a loan derived from market quotations or the proxy procedure described above is not reliable or accurate. Among other reasons, this may be the result of information about a particular loan or borrower known to the Investment Manager or the Sub-Adviser that the Investment Manager or the Sub-Adviser believes may not be known to the pricing service or reflected in a price quote. In this event, the loan is valued at fair value as determined in good faith under procedures established by the Trust's Board of Trustees and in accordance with the provisions of the 1940 Act.

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Under these procedures, fair value is determined by the Investment Manager and monitored by the Trust's Board of Trustees through its Valuation and Proxy Voting Committee. In fair valuing a loan, consideration is given to several factors, which may include, among others, the following: (i) the characteristics of and fundamental analytical data relating to the loan, including the cost, size, current interest rate, period until the next interest rate reset, maturity and base lending rate of the loan, the terms and conditions of the loan and any related agreements, and the position of the loan in the borrower's debt structure; (ii) the nature, adequacy and value of the collateral, including the Trust's rights, remedies and interests with respect to the collateral; (iii) the creditworthiness of the borrower and the cash flow coverage of outstanding principal and interest, based on an evaluation of its financial condition, financial statements and information about the borrower's business, cash flows, capital structure and future prospects;

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2005 (continued)

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) information relating to the market for the loan, including price quotations for, and trading in, the loan and interests in similar loans; (v) the reputation and financial condition of the agent for the loan and any intermediate participants in the loan; (vi) the borrower's management; and (vii) the general economic and market conditions affecting the fair value of the loan. Securities for which the primary market is a national securities exchange are valued at the last reported sale price. Securities reported by NASDAQ will be valued at the NASDAQ official closing price. Securities traded in the over-the-counter market and listed securities for which no sale was reported on a valuation date are valued at the mean between the last reported bid and ask price on such exchange. Securities other than senior loans for which reliable market value quotations are not readily available and all other assets will be valued at their respective fair values as determined in good faith by, and under procedures established by, the Board of Trustees of the Trust. Investments in securities maturing in 60 days or less from the date of valuation are valued at amortized cost, which, when combined with accrued interest approximates market value.

B. *Federal Income Taxes.* It is the Trust's policy to comply with subchapter M of the Internal Revenue Code and related excise tax provisions applicable to regulated investment companies and to distribute substantially all of its net investment income and net realized capital gains to its shareholders. Therefore, no federal income tax provision is required. No capital gain distributions will be made by the Trust until any capital loss carryforwards have been fully utilized or expire.

C. *Security Transactions and Revenue Recognition.* Revolver and delayed draw loans are booked on a settlement date basis. Security transactions and senior loans are accounted for on trade date (date the order to buy or sell is executed). Realized gains or losses are reported on the basis of identified cost of securities sold. Dividend income is recognized on the ex-dividend date. Interest income is recorded on an accrual basis at the then-current interest rate of the loan. The accrual of interest on loans is discontinued when, in the opinion of management, there is an indication that the borrower may be unable to meet payments as they become due. Upon such discontinuance, all unpaid accrued interest is reversed. Cash collections on non-accrual senior loans are generally applied as a reduction to the recorded investment of the loan. Senior loans are generally returned to accrual status only after all past due amounts have been received. For all loans acquired prior to March 1, 2001, arrangement fees received, which represent non-refundable fees associated with the acquisition of loans, were deferred and recognized over the shorter of 2.5 years or the actual terms of the loan. For all loans, except revolving credit facilities, acquired subsequent to February 28, 2001, fees received are treated as discounts and are accreted whereas premiums are amortized. Fees associated with revolving credit facilities acquired subsequent to February 28, 2001 are deferred and recognized over the shorter of four years or the actual term of the loan.

D. *Distributions to Common Shareholders.* The Trust declares dividends monthly from net investment income.

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Distributions from capital gains, if any, are declared and paid annually. The Trust may make additional distributions to comply with the distribution requirements of the Internal Revenue Code. The character and amounts of income and gains to be distributed are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America for investment companies. Dividends paid by the Trust from net investment income and distributions of net realized short-term capital gains are, for federal income tax purposes, taxable as ordinary income to shareholders. The Trust records distributions to its shareholders on the ex-dividend date.

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2005 (continued)

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

E. *Dividend Reinvestments.* Pursuant to the Trust's Shareholder Investment Program (formerly known as the Automatic Dividend Reinvestment Plan), DST Systems, Inc., the Plan Agent, purchases, from time to time, shares of beneficial interest of the Trust on the open market to satisfy dividend reinvestments. Such shares are purchased on the open market only when the closing sale or bid price plus commission is less than the net asset value per share of the Trust's common shares on the valuation date. If the market price plus commissions is equal to or exceeds the net asset value, new shares are issued by the Trust at the greater of (i) net asset value or (ii) the market price of the shares during the pricing period, minus a discount of 5%.

F. *Use of Estimates.* Management of the Trust has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses and contingencies to prepare these financial statements in conformity with generally accepted accounting principles in the United States of America for investment companies. Actual results could differ from these estimates.

G. *Share Offerings.* Beginning in the year ended February 28, 1999, the Trust began issuing shares under various shelf registration statements, whereby the net proceeds received by the Trust from share sales may not be less than the greater of (i) the NAV per share or (ii) 94% of the average daily market price over the relevant pricing period.

### NOTE 3 INVESTMENTS

For the year ended February 28, 2005, the cost of purchases and the proceeds from principal repayment and sales of investments, excluding short-term notes, totaled \$2,074,963,421 and \$1,768,215,260, respectively. At February 28, 2005, the Trust held senior loans valued at \$2,017,770,985 representing 98.3% of its total investments. The market value of these assets is established as set forth in Note 2.

The senior loans acquired by the Trust typically take the form of a direct lending relationship with the borrower, and are typically acquired through an assignment of another lender's interest in a loan. The lead lender in a typical corporate loan syndicate administers the loan and monitors the collateral securing the loan.

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Common and preferred shares, and stock purchase warrants held in the portfolio were acquired in conjunction with loans held by the Trust. Certain of these stocks and warrants are restricted and may not be publicly sold without registration under the 33 Act, or without an exemption under the 33 Act. In some cases, these restrictions expire after a designated period of time after issuance of the shares or warrants.

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2005 (continued)

### NOTE 3 INVESTMENTS (continued)

Dates of acquisition and cost or assigned basis of restricted securities are as follows:

|  | Date of<br>Acquisition | Cost or<br>Assigned Basis |
|--|------------------------|---------------------------|
| Acterna, Inc. Contingent Right   | 11/24/03               | \$                        |
| Allied Digital Technologies Corporation Residual Interest in Bankruptcy Estate | 06/05/02               | 186,961                   |
| AM Cosmetics Corporation Liquidation Interest                                  | 03/07/03               | 50                        |
| Block Vision Holdings Corporation Common Shares                                | 09/30/02               |                           |
| Boston Chicken, Inc. Residual Interest in Boston Chicken Plan Trust            | 12/26/00               | 6,044,327                 |
| Cedar Chemical Liquidation Interest  | 12/31/02               |                           |
| Covenant Care, Inc. Warrants   | 12/22/95               |                           |
| Covenant Care, Inc. Warrants   | 01/18/02               |                           |
| Decision One Corporation Common Shares   | 06/16/00               |                           |
| Electro Mechanical Solutions Residual Interest in Bankruptcy Estate            | 10/02/02               | 15                        |
| Enginen Realty Common Shares   | 11/24/03               |                           |
| Enterprise Profit Solutions Liquidation Interest                               | 10/21/02               |                           |
| EquityCo, LLC Warrants   | 02/25/05               |                           |
| Euro United Corporation Residual Interest in Bankruptcy Estate                 | 06/21/02               | 2,335,366                 |
| Galey & Lord, Inc. Common Shares   | 03/31/04               |                           |
| Gate Gourment Borrower, LLC Warrants   | 12/04/03               |                           |
| Gemini Leasing, Inc. Common Shares   | 01/08/04               |                           |
| Grand Union Company Residual Interest in Bankruptcy Estate                     | 07/01/02               | 2,576                     |
| Holmes Group, Inc. Common Shares   | 05/26/04               |                           |
| Humphreys, Inc. Residual Interest in Bankruptcy Estate                         | 05/15/02               | 50                        |
| Imperial Home Décor Group, Inc. Common Shares                                  | 05/02/01               | 1,654,378                 |
| Imperial Home Décor Group, Inc. Liquidation Interest                           | 01/22/04               |                           |
| Insilco Technologies Residual Interest in Bankruptcy Estate                    | 05/02/03               | 10,008                    |
| Intera Group, Inc. Common Shares   | 11/29/02               |                           |
| IT Group, Inc. Residual Interest in Bankruptcy Estate                          | 09/12/03               | 87,001                    |
| Kevco, Inc. Residual Interest in Bankruptcy Estate                             | 06/05/02               | 147,443                   |
| Lincoln Pulp and Eastern Fine Residual Interest in Bankruptcy Estate           | 06/08/04               |                           |
| London Clubs International Warrants  | 12/08/04               |                           |
| Malden Mills Industries, Inc. Common Shares                                    | 11/04/03               |                           |
| Malden Mills Industries, Inc. Preferred Shares                                 | 11/04/03               |                           |
| Morris Material Handling, Inc. Common Shares                                   | 10/09/01               | 3,009,059                 |
| MP Holdings, Inc. Common Shares  | 04/16/01               | 6                         |
| Murray s Discount Auto Stores, Inc. Escrow Interest                            | 08/11/03               | 40,136                    |
| Neoplan USA Corporation Common Shares  | 08/29/03               |                           |
| Neoplan USA Corporation Series B Preferred Shares                              | 08/29/03               |                           |
| Neoplan USA Corporation Series C Preferred Shares                              | 08/29/03               | 428,603                   |
| Neoplan USA Corporation Series D Preferred Shares                              | 08/29/03               | 3,524,300                 |
| New Piper Aircraft, Inc. Residual Interest in Litigation Proceeds              | 07/02/03               |                           |

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|   |          |               |
|---|----------|---------------|
| New World Restaurant Group, Inc. Warrants   | 09/27/01 | 40            |
| Norwood Promotional Products, Inc. Common Shares  | 08/23/04 | 32,939        |
| Safelite Glass Corporation Common Shares  | 10/17/00 |               |
| Safelite Realty Corporation Common Shares   | 10/17/00 |               |
| Scientific Games Corporation Common Shares  | 10/30/03 | 213,975       |
| Soho Publishing Common Shares   | 01/10/02 | 176           |
| Targus Group, Inc. Common Shares  | 03/11/03 |               |
| Transtar Metals Residual Interest in Bankruptcy Estate  | 01/09/03 | 80,459        |
| TSR Wireless, LLC Residual Interest in Bankruptcy Estate  | 10/15/02 |               |
| U.S. Aggregates Residual Interest in Bankruptcy Estate  | 04/07/03 |               |
| U.S. Office Products Company Residual Interest in Bankruptcy Estate   | 02/11/04 |               |
| Total restricted securities excluding senior loans (market value of \$19,487,199 was 1.8% of net assets at February 28, 2005) |          | \$ 17,797,868 |



## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2005 (continued)

### NOTE 4 MANAGEMENT AND ADMINISTRATION AGREEMENTS

The Trust has entered into an Investment Management Agreement with the Investment Manager, a wholly-owned subsidiary of ING Fund Services, LLC (the Administrator), to provide advisory and management services. The Investment Management Agreement compensates the Investment Manager with a fee, computed daily and payable monthly, at an annual rate of 0.80% of the Trust's Managed Assets. For purposes of this Agreement, Managed Assets shall mean the Trust's average daily gross asset value, minus the sum of the Trust's accrued and unpaid dividends on any outstanding preferred shares and accrued liabilities (other than liabilities for the principal amount of any borrowings incurred, commercial paper or notes issued by the Trust and the liquidation preference of any outstanding preferred shares).

The Investment Manager entered into a Sub-Advisory Agreement with ING IM, a wholly-owned subsidiary of ING Groep N.V., effective August 19, 2003. Subject to such policies as the Board or the Investment Manager may determine, ING IM manages the Trust's assets in accordance with the Trust's investment objectives, policies, and limitations.

The Trust has also entered into an Administration Agreement with the Administrator to provide administrative services and also to furnish facilities. The Administrator is compensated with a fee, computed daily and payable monthly, at an annual rate of 0.25% of the Trust's average daily Managed Assets.

### NOTE 5 TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

At February 28, 2005, the Trust had the following amounts recorded in payables to affiliates on the accompanying Statement of Assets and Liabilities:

|   |  |              |
|---|--|--------------|
| <b>Accrued Investment<br/>Management Fees</b> | <b>Accrued<br/>Administrative Fees</b> | <b>Total</b> |
| \$1,228,022                                   | \$383,757                              | \$1,611,779  |

The Trust has adopted a Retirement Policy covering all independent trustees of the Trust who will have served as an independent trustee for at least five years at the time of retirement. Benefits under this plan are based on an annual rate as defined in the plan agreement.

### NOTE 6 COMMITMENTS

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The Trust has entered into both a \$90 million 364-day revolving credit agreement which matures on August 24, 2005 and a \$480 million 364-day revolving securitization facility which matures on July 11, 2005, collateralized by assets of the Trust. Borrowing rates under these agreements are based on a fixed spread over LIBOR, the federal funds rate, or a commercial paper-based rate. Prepaid arrangement fees for these facilities are amortized over the term of the agreements. The amount of borrowings outstanding at February 28, 2005, was \$496 million. Weighted average interest rate on outstanding borrowings was 3.01%, excluding fees related to the unused portion of the facilities, and other fees. The amount of borrowings represented 23.83% of total assets at February 28, 2005. Average borrowings for the year ended February 28, 2005 were \$414,790,411 and the average annualized interest rate was 2.91% excluding other fees related to the unused portion of the facilities, and other fees.

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2005 (continued)

### NOTE 6 COMMITMENTS (continued)

As of February 28, 2005, the Trust had unfunded loan commitments pursuant to the terms of the following loan agreements:

|                                     |    |            |
|-------------------------------------|----|------------|
| Allied Waste North America, Inc.    | \$ | 696,537    |
| Baker & Taylor, Inc.                |    | 322,500    |
| Block Vision Holdings Corporation   |    | 91,815     |
| Federal-Mogul Corporation           |    | 1,850,000  |
| Green Valley Ranch Gaming, LLC      |    | 500,000    |
| InSight Health Services Corporation |    | 160,896    |
| Interstate Bakeries Corporation     |    | 1,901,278  |
| Isle of Capri Casinos, Inc.         |    | 1,000,000  |
| Kerasotes Theatres, Inc.            |    | 1,500,000  |
| Motorsport Aftermarket Group, Inc.  |    | 900,000    |
| Neoplan USA Corporation             |    | 382,500    |
| Outsourcing Solutions, Inc.         | \$ | 63,692     |
| Owens-Illinois Group, Inc.          |    | 100        |
| Ply Gem Industries, Inc.            |    | 794,643    |
| Primedia, Inc.                      |    | 1,046,126  |
| Six Flags Theme Parks, Inc.         |    | 2,050,000  |
| Texas Genco, LLC                    |    | 4,384,615  |
| United Defense Industries, Inc.     |    | 2,878,170  |
| United States Shipping, LLC         |    | 576,923    |
| Vanguard Health Systems, Inc.       |    | 3,500,000  |
| Venetian Casino Resorts, LLC        |    | 2,564,103  |
|                                     | \$ | 27,163,898 |

### NOTE 7 RIGHTS AND OTHER OFFERINGS

As of February 28, 2005, outstanding share offerings pursuant to shelf registrations were as follows:

| Registration<br>Date | Shares<br>Registered | Shares<br>Remaining |
|----------------------|----------------------|---------------------|
| 9/15/98              | 25,000,000           | 12,374,909          |
| 3/04/99              | 5,000,000            | 3,241,645           |

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On November 2, 2000, the Trust issued 3,600 shares each of Series M, Series W and Series F Auction Rate Cumulative Preferred Shares, \$0.01 Par Value, \$25,000 liquidation preference, for a total issuance of \$270 million. Also, on November 16, 2000, the Trust issued 3,600 shares of Series T and Series Th Auction Rate Cumulative Preferred Shares, \$0.01 Par Value, \$25,000, liquidation preference, for a total issuance of \$180 million. Costs associated with the offering of approximately \$5,438,664 were charged against the proceeds received. The Trust used the net proceeds of the offering to partially pay down the then existing indebtedness and to purchase additional senior loans. Preferred Shares pay dividends based on a rate set at auctions, normally held every 7 days. In most instances dividends are also payable every 7 days, on the first business day following the end of the rate period. Preferred shares have no stated conversion, redemption or liquidation date, but may be redeemed at the election of the Trust. Such shares may only be redeemed by the Preferred Shareholders if the Trust fail to meet certain credit quality thresholds within its portfolio.

### **NOTE 8 CUSTODIAL AGREEMENT**

State Street Bank and Trust Company ( SSB ) serves as the Trust s custodian and recordkeeper. Custody fees paid to SSB are reduced by earnings credits based on the cash balances held by SSB for the Trust. There were no earnings credits for the year ended February 28, 2005.

### **NOTE 9 SUBORDINATED LOANS AND UNSECURED LOANS**

The Trust may invest in subordinated loans and in unsecured loans. The primary risk arising from investing in subordinated loans or in unsecured loans is the potential loss in the event of default by the issuer of the loans. The Trust may acquire a subordinated loan only if, at the time of acquisition, it acquires or holds a senior loan from the same borrower. The Trust will acquire unsecured loans only where the Investment Manager believes, at the time of acquisition, that the Trust would have the right to payment upon default that is not subordinate to any other creditor. The Trust may invest up to 5% of its total assets, measured at the time of investment, in subordinated loans and unsecured loans. As of February 28, 2005, the Trust held 0.39% of its total assets in subordinated loans and unsecured loans.

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2005 (continued)

### NOTE 10 FEDERAL INCOME TAXES

Federal excise tax of \$117,314 was paid by the Trust and subsequently reimbursed by the investment advisor. The amount of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America for investment companies. These book/tax differences may be either temporary or permanent. Permanent differences are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences are not reclassified. Key differences include the treatment of short-term capital gains and wash sale deferrals. Distributions in excess of net investment income and/or net realized capital gains for tax purposes are reported as distributions of paid-in capital.

The following permanent tax differences have been reclassified as of February 28, 2005:

| Paid-in<br>Capital | Undistributed<br>Net Investment<br>Income On<br>Investments | Accumulated<br>Net Realized<br>Losses |
|--------------------|---|---------------------------------------|
| \$                 | \$(818,290)   | \$818,290                             |

Dividends paid by the Trust from net investment income and distributions of net realized short-term capital gains are, for federal income tax purposes, taxable as ordinary income to shareholders.

The tax composition of dividends and distributions to shareholders was as follows:

| Year ended February 28, 2005           | Year ended February 29, 2004           |
|--|--|
| <b>Ordinary Income</b><br>\$67,297,632 | <b>Ordinary Income</b><br>\$62,849,228 |

The tax-basis components of distributable earnings and the expiration dates of the capital loss carryforwards which may be used to offset future realized capital gains for federal income tax purposes as of February 28, 2005 were:

| Undistributed<br>Ordinary Income | Undistributed<br>Long-Term<br>Capital Gains | Unrealized<br>Appreciation/<br>(Depreciation) | Post-October<br>Capital Losses<br>Deferred | Capital<br>Loss<br>Carryforwards | Expiration<br>Dates |
|----------------------------------|---|---|--|----------------------------------|---------------------|
|----------------------------------|---|---|--|----------------------------------|---------------------|

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|             |    |              |             |    |               |      |
|-------------|----|--------------|-------------|----|---------------|------|
| \$4,356,782 | \$ | \$21,346,306 | \$(223,838) | \$ | (12,542,170)  | 2006 |
|             |    |              |             |    | (10,485,033)  | 2007 |
|             |    |              |             |    | (38,118,850)  | 2008 |
|             |    |              |             |    | (847,193)     | 2009 |
|             |    |              |             |    | (47,376,376)  | 2010 |
|             |    |              |             |    | (97,064,717)  | 2011 |
|             |    |              |             |    | (57,686,392)  | 2012 |
|             |    |              |             |    | (22,421,058)  | 2013 |
|             |    |              |             | \$ | (286,541,789) |      |

**NOTE 11 SUBSEQUENT EVENTS**

Subsequent to February 28, 2005, the Trust paid to Common Shareholders the following dividends from net investment income:

| Per Share Amount | Declaration Date | Record Date | Payable Date |
|------------------|------------------|-------------|--------------|
| \$0.034          | 2/28/05          | 3/10/05     | 3/22/05      |

Subsequent to February 28, 2005, the Trust paid to Preferred Shareholders the following dividends from net investment income:

| Preferred Shares | Total Per Share Amount | Auction Dates      | Record Dates       | Payable Dates      |
|------------------|------------------------|--------------------|--------------------|--------------------|
| Series M         | \$86.48                | 3/07/05 to 4/11/05 | 3/14/05 to 4/18/05 | 3/15/05 to 4/19/05 |
| Series T         | \$84.68                | 3/01/05 to 4/05/05 | 3/08/05 to 4/12/05 | 3/09/05 to 4/13/05 |
| Series W         | \$84.78                | 3/02/05 to 4/06/05 | 3/09/05 to 4/13/05 | 3/10/05 to 4/14/05 |
| Series Th        | \$84.34                | 3/03/05 to 4/07/05 | 3/10/05 to 4/14/05 | 3/11/05 to 4/15/05 |
| Series F         | \$87.93                | 3/04/05 to 4/08/05 | 3/11/05 to 4/15/05 | 3/14/05 to 4/18/05 |

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005

*Senior Loans\*: 186.4%*

| <i>Principal Amount</i>            | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i> |
|------------------------------------|---|--------------------------|----------------|--------------|
|                                    |   | <i>Moody's</i>           | <i>S&amp;P</i> |              |
| <i>Aerospace and Defense: 3.3%</i> |   |                          |                |              |
| \$ 1,536,131                       | <b>Alliant Techsystems, Inc.</b><br>Term Loan, 3.960%-4.640%, maturing<br>March 31, 2011                    | Ba2                      | BB             | \$ 1,560,452 |
| 2,500,000                          | <b>American Airlines, Inc.</b><br>Revolver, 7.290%-7.620%, maturing<br>June 30, 2009                        | B2                       | B+             | 2,501,043    |
| 1,000,000                          | Term Loan, 7.790%-8.120%, maturing<br>December 31, 2010   |                          |                | 1,020,938    |
| 992,500                            | <b>Arinc, Inc.</b><br>Term Loan, 4.560%-4.780%, maturing<br>March 10, 2011                                  | Ba3                      | BB             | 1,008,628    |
| 2,493,750                          | <b>Ceradyne, Inc.</b><br>Term Loan, 4.625%-4.875% maturing<br>August 18, 2011                               | Ba3                      | BB-            | 2,534,273    |
| 3,000,000                          | <b>Dyncorp, Inc.</b><br>Term Loan, 7.250%, maturing<br>February 11, 2011                                    | B2                       | B+             | 3,049,374    |
| 1,500,000                          | (5) <b>Hexcel Corporation</b><br>Term Loan, maturing February 18, 2012                                      | B2                       | B+             | 1,523,438    |
| 4,802,083                          | <b>K&amp;F Industries, Inc.</b><br>Term Loan, 5.120%-7.000%, maturing<br>November 16, 2012                  | B2                       | B+             | 4,888,622    |
| 1,500,000                          | <b>Northwest Airlines, Inc.</b><br>Term Loan, 9.100%, maturing<br>November 23, 2010                         | B1                       | B+             | 1,544,625    |
| 4,361,538                          | <b>Standard Aero Holdings, Inc.</b><br>Term Loan, 5.170%-5.280%, maturing<br>August 20, 2012                | B2                       | B+             | 4,431,053    |
| 1,980,038                          | <b>Transdigm, Inc.</b><br>Term Loan, 4.935%, maturing July 22, 2010   | B1                       | B+             | 2,012,213    |
| 1,992,350                          | (2) <b>United Air Lines, Inc.</b><br>Debtor in Possession Term Loan, 8.000%,<br>maturing September 30, 2005 | Ba3                      | BB-            | 2,013,104    |
| 5,884,693                          | <b>United Defense Industries, Inc.</b><br>Term Loan, 4.560%-4.670%, maturing<br>August 13, 2009             | Ba2                      | BB+            | 5,953,350    |
| 2,000,000                          | <b>Wyle Holdings, Inc.</b><br>Term Loan, 5.500%, maturing   | NR                       | B+             |              |

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|                         |   |     |     |                   |
|-------------------------|---|-----|-----|-------------------|
|                         | January 28, 2011  |     |     | 2,038,126         |
|                         |   |     |     | <b>36,079,239</b> |
| <b>Automobile: 6.6%</b> |   |     |     |                   |
|                         | <b>Accuride Corporation</b>                             | B2  | B+  |                   |
| 8,000,000               | Term Loan, 4.875%-6.750%, maturing<br>January 31, 2010  |     |     | 8,095,000         |
|                         | <b>Affinia Group, Inc.</b>                              | B2  | BB- |                   |
| 2,000,000               | Term Loan, 5.440%, maturing<br>November 30, 2011        |     |     | 2,033,500         |
|                         | <b>Aftermarket Technology Corporation</b>               | Ba3 | BB- |                   |
| 951,270                 | Term Loan, 5.920%-5.990%, maturing<br>February 08, 2008 |     |     | 957,661           |

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>        | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i> |
|--------------------------------|---|--------------------------|----------------|--------------|
|                                |   | <i>Moody's</i>           | <i>S&amp;P</i> |              |
| <i>Automobile: (continued)</i> |   |                          |                |              |
| \$ 1,308,082                   | <b>Aftermarket Technology Corporation (continued)</b><br>Term Loan, 5.920%-5.950%, maturing February 08, 2008 |                          |                | \$ 1,321,163 |
| 1,171,686                      | <b>Collins &amp; Aikman Products Company</b><br>Term Loan, 6.340%, maturing September 11, 2011                | B1                       | B+             | 1,181,449    |
| 4,475,006                      | <b>Dayco Products, LLC</b><br>Term Loan, 5.120%-5.770%, maturing June 23, 2011                                | B1                       | BB-            | 4,558,913    |
| 2,373,333                      | <b>Dura Operating Corporation</b><br>Term Loan, 5.170%, maturing December 31, 2008                            | Ba3                      | BB-            | 2,395,090    |
| 3,150,000                      | (2) <b>Federal-Mogul Corporation</b><br>Revolver, maturing 4.875%-5.063%, November 01, 2009                   | B1                       | B+             | 3,150,000    |
| 5,500,000                      | <b>Goodyear Tire &amp; Rubber Company</b><br>Term Loan, 6.560%, maturing March 31, 2006                       | B1                       | BB             | 5,558,438    |
| 1,500,000                      | <b>Goodyear Tire &amp; Rubber Company</b><br>Term Loan, 7.030%, maturing March 31, 2006                       | B2                       | B              | 1,518,750    |
| 2,985,000                      | <b>Grand Vehicle Works Holdings Corporation</b><br>Term Loan, 5.560%-7.500%, maturing July 31, 2010           | B2                       | B+             | 2,895,450    |
| 2,752,475                      | <b>HLI Operating Company, Inc.</b><br>Term Loan, 5.920%-6.690%, maturing June 03, 2009                        | Ba3                      | BB-            | 2,814,405    |
| 1,955,879                      | <b>Key Automotive Group</b><br>Term Loan, 5.580%-5.890%, maturing June 29, 2010                               | B1                       | BB-            | 1,992,551    |
| 1,369,565                      | <b>Keystone Automotive Industries, Inc.</b><br>Term Loan, 5.340%-5.780%, maturing October 30, 2009            | B1                       | B+             | 1,384,973    |
| 1,982,500                      | <b>Meridian Automotive Systems, Inc.</b><br>Term Loan, 6.740%-7.430%, maturing April 28, 2010                 | B2                       | CCC+           | 1,911,873    |
| 1,600,000                      | <b>Motorsport Aftermarket Group, Inc.</b><br>Term Loan, 5.820%, maturing December 15, 2011                    | B2                       | B              | 1,612,000    |
| 7,711,878                      | <b>Safelite Glass Corporation</b><br>Term Loan, 7.060%, maturing September 30, 2007                           | B3                       | B+             | 6,612,936    |
| 12,403,267                     | Term Loan, 7.560%, maturing September 30, 2007  |                          |                | 10,635,801   |

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|           |   |     |     |                   |
|-----------|---|-----|-----|-------------------|
| 7,500,000 | <b>TRW Automotive Acquisitions Corporation</b><br>Term Loan, 4.375%, maturing June 30, 2012 | Ba2 | BB+ | 7,545,315         |
| 2,706,667 | <b>United Components, Inc.</b><br>Term Loan, 5.290%, maturing June 30, 2010                 | B1  | BB- | 2,748,958         |
|           |   |     |     | <b>70,924,226</b> |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                 | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|--|--------------------------|----------------|-------------------|
|   |  | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <b>Banking: 0.3%</b>                    |  |                          |                |                   |
| \$ 3,426,801                            | <b>Outsourcing Solutions, Inc.</b><br>Term Loan, 7.590%-8.750%, maturing<br>December 09, 2008                | NR                       | NR             | \$ 3,439,651      |
|   |  |                          |                | <b>3,439,651</b>  |
| <b>Beverage, Food and Tobacco: 5.1%</b> |  |                          |                |                   |
| 6,514,775                               | <b>Birds Eye Foods, Inc.</b><br>Term Loan, 5.310%, maturing<br>June 30, 2008                                 | B1                       | B+             | 6,605,982         |
| 4,436,491                               | <b>Commonwealth Brands, Inc.</b><br>Term Loan, 5.938%, maturing<br>August 28, 2007                           | B1                       | B+             | 4,508,584         |
| 16,484,028                              | <b>Constellation Brands, Inc.</b><br>Term Loan, 4.313%-4.750%,<br>maturing November 30, 2011                 | Ba2                      | BB             | 16,742,876        |
| 2,250,000                               | <b>Del Monte Corporation</b><br>Term Loan, 4.270%, maturing<br>February 08, 2012                             | Ba3                      | BB             | 2,279,813         |
| 3,586,438                               | <b>Dr. Pepper Bottling Company of Texas, Inc.</b><br>Term Loan, 4.470%-4.848%, maturing<br>December 19, 2010 | B1                       | BB-            | 3,654,581         |
| 3,970,000                               | <b>Golden State Foods Corporation</b><br>Term Loan, 5.230%, maturing<br>February 28, 2011                    | B1                       | B+             | 4,041,956         |
| 4,222,429                               | <b>Keystone Foods Holdings, LLC</b><br>Term Loan, 4.438%-4.875%, maturing<br>June 16, 2011                   | Ba3                      | B+             | 4,267,292         |
| 3,677,172                               | <b>Michael Foods, Inc.</b><br>Term Loan, 4.841%-6.750%, maturing<br>November 21, 2010                        | B1                       | B+             | 3,743,821         |
| 4,550,000                               | <b>Pierre Foods, Inc.</b><br>Term Loan, 4.480%, maturing<br>June 30, 2010                                    | B1                       | B+             | 4,608,772         |
| 2,937,477                               | <b>Southern Wine &amp; Spirits of America, Inc.</b><br>Term Loan, 4.810%, maturing July 02, 2008             | Ba3                      | BB+            | 2,981,081         |
| 1,139,173                               | <b>Swift &amp; Company</b><br>Term Loan, 5.050%-5.390%, maturing<br>September 19, 2008                       | Ba2                      | BB             | 1,160,533         |
|   |  |                          |                | <b>54,595,291</b> |
| <b>Buildings and Real Estate: 8.2%</b>  |  |                          |                |                   |
| 1,750,000                               | <b>Associated Materials, Inc.</b><br>Term Loan, 5.000%-5.170%, maturing<br>August 29, 2010                   | B2                       | B+             | 1,778,437         |
| 3,000,000                               | <b>Atrium Companies, Inc.</b><br>Term Loan, 5.200%-5.300%, maturing<br>December 28, 2011                     | B1                       | B              | 3,046,251         |

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|           |     |   |     |     |           |
|-----------|-----|---|-----|-----|-----------|
| 5,000,000 | (5) | <b>Builders FirstSource, Inc.</b><br>Term Loan, maturing August 11, 2011                        | B1  | B+  | 5,084,375 |
| 1,970,000 |     | <b>Building Materials Holding Corporation</b><br>Term Loan, 5.313%, maturing<br>August 21, 2010 | Ba2 | BB- | 1,984,775 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                       | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|--|--------------------------|----------------|-------------------|
|   |  | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Buildings and Real Estate: (continued)</i> |  |                          |                |                   |
| \$ 1,500,000                                  | <b>Contech Construction Products, Inc.</b><br>Term Loan, 4.940%, maturing<br>December 07, 2010 | Ba3                      | BB-            | \$ 1,529,062      |
| 2,130,585                                     | <b>Crescent Real Estate Equities, L.P.</b><br>Term Loan, 4.840%, maturing<br>January 12, 2006  | B1                       | BB+            | 2,149,895         |
| 3,982,535                                     | <b>DMB Newco, LLC</b><br>Term Loan, 4.940%-5.250%, maturing<br>February 28, 2009               | NR                       | NR             | 3,992,492         |
| 18,420,001                                    | <b>General Growth Properties, Inc.</b><br>Term Loan, 4.840%, maturing<br>November 12, 2007     | Ba2                      | BB+            | 18,606,301        |
| 17,000,000                                    | Term Loan, 4.840%, maturing<br>November 10, 2008   |                          |                | 17,284,937        |
| 5,142,147                                     | <b>Headwaters, Inc.</b><br>Term Loan, 5.920%-7.750%, maturing<br>April 30, 2011                | B1                       | B+             | 5,217,135         |
| 6,000,000                                     | <b>LNR Property Corporation</b><br>Term Loan, 5.590%, maturing<br>January 15, 2007             | B2                       | B+             | 6,094,998         |
| 1,455,000                                     | <b>NCI Building Systems, Inc.</b><br>Term Loan, 4.750%, maturing<br>September 15, 2008         | Ba2                      | BB             | 1,475,462         |
| 6,961,384                                     | <b>Nortek, Inc.</b><br>Term Loan, 4.620%-7.000%, maturing<br>August 27, 2011                   | B2                       | B              | 7,090,462         |
| 455,357                                       | <b>Ply Gem Industries, Inc.</b><br>Revolver, 5.180%-5.350%, maturing<br>February 12, 2009      | B1                       | B+             | 445,681           |
| 619,375                                       | Term Loan, 5.060%-5.280%, maturing<br>March 15, 2010   |                          |                | 627,117           |
| 1,500,000                                     | Term Loan, 4.590%, maturing<br>February 12, 2011   |                          |                | 1,518,750         |
| 4,218,125                                     | Term Loan, 5.060%-5.280%, maturing<br>October 01, 2011   |                          |                | 4,270,852         |
| 5,452,462                                     | <b>St. Marys Cement, Inc.</b><br>Term Loan, 4.560%, maturing<br>December 04, 2009              | B1                       | BB-            | 5,534,249         |
| 861,111                                       | <b>Werner Holdings Company, Inc.</b><br>Term Loan, 6.000%-6.343%, maturing<br>June 11, 2009    | B1                       | CCC+           | 835,708           |
|   |  |                          |                | <b>88,566,939</b> |
| <i>Cargo/Transport: 3.4%</i>                  |  |                          |                |                   |
| 6,000,000                                     | <b>Atlantic Express Transportation Corporation</b><br>Floating Rate Note, 11.410%, maturing    | B3                       | CCC+           |                   |

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|           |                                    |    |   |           |
|-----------|------------------------------------|----|---|-----------|
|           | April 15, 2008                     |    |   | 5,820,000 |
|           | <b>Baker Tanks, Inc.</b>           | B2 | B |           |
| 3,361,000 | Term Loan, 5.200%-5.743%, maturing |    |   |           |
|           | January 30, 2011                   |    |   | 3,410,366 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>             | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|-------------------------------------|---|--------------------------|----------------|-------------------|
|                                     |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Cargo/Transport: (continued)</i> |   |                          |                |                   |
| \$ 1,867,972                        | <b>Gemini Leasing, Inc.</b><br>Term Loan, 5.670%, maturing<br>December 31, 2011                         | NR                       | NR             | \$ 1,214,182      |
| 3,491,250                           | <b>Helm Holding Corporation</b><br>Term Loan, 5.560%-5.620%, maturing<br>July 02, 2010                  | B2                       | B+             | 3,537,799         |
| 2,487,500                           | <b>Horizon Lines, LLC</b><br>Term Loan, 5.390%, maturing<br>July 04, 2011                               | B2                       | B              | 2,518,594         |
| 1,510,000                           | <b>Kansas City Southern Railway Company</b><br>Term Loan, 4.150%-4.328%, maturing<br>March 30, 2008     | B1                       | BB+            | 1,534,726         |
| 1,867,500                           | <b>Neoplan USA Corporation</b><br>Revolver, 6.560%, maturing June 30, 2006                              | NR                       | NR             | 1,867,500         |
| 5,374,084                           | Term Loan, 9.000%, maturing<br>June 30, 2006  |                          |                | 5,374,084         |
| 1,811,765                           | <b>Pacer International, Inc.</b><br>Term Loan, 4.063%-5.063%, maturing<br>June 10, 2010                 | B1                       | BB-            | 1,850,265         |
| 394,488                             | <b>Railamerica, Inc.</b><br>Term Loan, 4.875%, maturing<br>September 29, 2011                           | Ba3                      | BB             | 401,720           |
| 3,337,154                           | Term Loan, 4.875%, maturing<br>September 29, 2011   |                          |                | 3,398,335         |
| 1,198,262                           | Term Loan, 5.390%, maturing<br>December 31, 2009  |                          |                | 1,213,240         |
| 2,595,963                           | <b>Transport Industries, L.P.</b><br>Term Loan, 6.563%, maturing<br>June 13, 2010                       | B2                       | B+             | 2,600,831         |
| 1,915,865                           | <b>United States Shipping, LLC</b><br>Term Loan, 4.560%, maturing<br>April 30, 2010                     | Ba3                      | BB-            | 1,939,814         |
|                                     |   |                          |                | <b>36,681,456</b> |
| <i>Cellular: 5.7%</i>               |   |                          |                |                   |
| 1,990,000                           | <b>Cellular South, Inc.</b><br>Term Loan, 4.700%-6.250%, maturing<br>May 04, 2011                       | Ba3                      | B+             | 2,021,094         |
| 10,892,481                          | <b>Centennial Cellular Operating Company</b><br>Term Loan, 4.880%-4.920%, maturing<br>February 09, 2011 | B2                       | B-             | 11,083,100        |
| 11,500,000                          | <b>Cricket Communications, Inc.</b><br>Term Loan, 5.090%, maturing<br>December 20, 2010                 | B1                       | B-             | 11,622,187        |
| (2) 3,175,000                       | <b>IWO Escrow Company</b><br>Floating Rate Note, 6.320%, maturing                                       | B3                       | CCC+           |                   |

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|           |  |     |    |           |
|-----------|--|-----|----|-----------|
|           | January 15, 2012                             |     |    | 3,286,125 |
|           | <b>Nextel Partners Operating Corporation</b> | Ba3 | B+ |           |
| 8,000,000 | Term Loan, 4.938%, maturing                  |     |    |           |
|           | May 31, 2011                                 |     |    | 8,120,712 |

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                     |     |  | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|-----|--|--|--------------------------|----------------|-------------------|
|   |     |  |  | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Cellular: (continued)</i>                |     |  |  |                          |                |                   |
| \$ 4,500,000                                | (5) |  | <b>Ntelos, Inc.</b><br>Term Loan, maturing August 25, 2011   | B2                       | B              | \$ 4,567,500      |
| 1,000,000                                   | (5) |  | <b>Ntelos, Inc.</b><br>Term Loan, maturing February 25, 2012   | B3                       | CCC+           | 1,027,500         |
| 2,500,000                                   |     |  | <b>Rogers Wireless Communications, Inc.</b><br>Floating Rate Note, 5.525%, maturing<br>December 15, 2010 | Ba3                      | BB             | 2,637,500         |
| 2,500,000                                   |     |  | <b>Rural Cellular Corporation</b><br>Floating Rate Note, 6.380%, maturing<br>March 15, 2010              | B2                       | B-             | 2,625,000         |
| 14,925,000                                  |     |  | <b>Western Wireless Corporation</b><br>Term Loan, 5.570%-5.710%, maturing<br>May 31, 2011                | B2                       | B-             | 15,050,937        |
|   |     |  |  |                          |                | <b>62,041,655</b> |
| <i>Chemicals, Plastics and Rubber: 9.7%</i> |     |  |  |                          |                |                   |
| 4,000,000                                   |     |  | <b>Brenntag, AG</b><br>Term Loan, 5.880%, maturing<br>February 27, 2012                                  | B1                       | BB-            | 4,073,332         |
| 4,041,964                                   |     |  | <b>Celanese, AG</b><br>Term Loan, 5.060%-5.126%, maturing<br>April 06, 2011                              | B1                       | B+             | 4,127,856         |
| 2,500,000                                   | (5) |  | <b>Hawkeye Renewables, LLC</b><br>Term Loan, maturing January 31, 2012                                   | B2                       | B              | 2,518,750         |
| 9,255,062                                   |     |  | <b>Hercules, Inc.</b><br>Term Loan, 3.966%-4.310%, maturing<br>October 08, 2010                          | Ba1                      | BB             | 9,377,979         |
| 17,704,146                                  |     |  | <b>Huntsman International, LLC</b><br>Term Loan, 5.125%, maturing<br>December 31, 2010                   | Ba3                      | BB-            | 18,044,950        |
| 13,000,000                                  |     |  | <b>Huntsman, LLC</b><br>Term Loan, 6.150%, maturing<br>March 31, 2010                                    | B1                       | BB-            | 13,255,125        |
| 1,496,966                                   |     |  | <b>Innophos, Inc.</b><br>Term Loan, 4.780%-5.220%, maturing<br>August 13, 2010                           | B2                       | B              | 1,523,163         |
| 3,030,731                                   |     |  | <b>JohnsonDiversey, Inc.</b><br>Term Loan, 4.840%, maturing<br>November 03, 2009                         | Ba3                      | BB-            | 3,089,924         |
| 1,459,725                                   |     |  | <b>Kraton Polymers, LLC</b><br>Term Loan, 4.875%-5.750%, maturing<br>December 23, 2010                   | B1                       | B+             | 1,484,662         |
| 14,982,417                                  |     |  | <b>Nalco Company</b><br>Term Loan, 4.530%-4.920%, maturing<br>November 04, 2010                          | B1                       | BB-            | 15,279,982        |
|   |     |  | <b>Polypore, Inc.</b>  | B1                       | B              |                   |

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|           |  |    |    |           |
|-----------|--|----|----|-----------|
| 9,350,000 | Term Loan, 4.920%, maturing<br>November 12, 2011 |    |    | 9,466,875 |
|           | <b>PQ Corporation</b>                            | B1 | B+ |           |
| 2,500,000 | Term Loan, 4.750%, maturing<br>February 11, 2012 |    |    | 2,545,313 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                            | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>       |
|--|---|--------------------------|----------------|--------------------|
|  |   | <i>Moody's</i>           | <i>S&amp;P</i> |                    |
| <i>Chemicals, Plastics and Rubber: (continued)</i> |   |                          |                |                    |
| \$ 15,750,000                                      | <b>Rockwood Specialties Group, Inc.</b><br>Term Loan, 4.950%, maturing July 30, 2012                | B1                       | B+             | \$ 16,020,002      |
| 3,983,117  | <b>Supresta, LLC</b><br>Term Loan, 5.560%, maturing July 30, 2012                                   | NR                       | B+             | 4,042,864          |
|  |   |                          |                | <b>104,850,777</b> |
| <i>Containers, Packaging and Glass: 8.5%</i>       |   |                          |                |                    |
| 1,492,500  | <b>Appleton Papers, Inc.</b><br>Term Loan, 4.330%-4.790%, maturing<br>June 11, 2010                 | Ba3                      | BB             | 1,510,223          |
| 3,470,412  | <b>Berry Plastics Corporation</b><br>Term Loan, 4.680%-4.770%, maturing<br>June 30, 2010            | B1                       | B+             | 3,524,637          |
| 9,503,839  | <b>Boise Cascade Corporation</b><br>Term Loan, 4.938%, maturing<br>October 29, 2011                 | Ba3                      | BB             | 9,689,763          |
| 1,302,000  | <b>BWAY Corporation</b><br>Term Loan, 4.875%-5.000%, maturing<br>June 30, 2011                      | B1                       | B+             | 1,323,158          |
| 7,500,000  | <b>Graham Packaging Company, L.P.</b><br>Term Loan, 5.000%-5.125%, maturing<br>October 07, 2011     | B2                       | B              | 7,646,250          |
| 1,500,000  | <b>Graham Packaging Company, L.P.</b><br>Term Loan, 6.813%, maturing<br>March 15, 2012              | B3                       | CCC+           | 1,550,625          |
| 9,079,397  | <b>Graphic Packaging International, Inc.</b><br>Term Loan, 5.060%-5.440%,<br>maturing June 30, 2010 | B1                       | B+             | 9,250,770          |
| 586,300  | <b>Greif Bros. Corporation</b><br>Term Loan, 4.230%, maturing<br>August 23, 2009                    | Ba2                      | BB+            | 589,964            |
| 2,743,125  | <b>Intertape Polymer Group, Inc.</b><br>Term Loan, 4.813%-4.960%, maturing<br>July 28, 2011         | Ba3                      | B+             | 2,797,988          |
| 2,146,859  | <b>Kerr Group, Inc.</b><br>Term Loan, 6.060%-7.750%, maturing<br>August 13, 2010                    | B1                       | BB-            | 2,172,084          |
| 1,777,879  | <b>Koch Cellulose, LLC</b><br>Term Loan, 4.800%, maturing May 07, 2011                              | B1                       | BB             | 1,808,992          |
| 117,581  | <b>Lincoln Paper And Tissue, LLC</b><br>Term Loan, 6.670%, maturing<br>November 28, 2005            | NR                       | NR             | 117,581            |
| 6,700,000  | Term Loan, 6.670%, maturing<br>May 01, 2009   |                          |                | 6,700,000          |
| 1,800,000  | Term Loan, 6.670%, maturing<br>May 01, 2009   |                          |                | 1,800,000          |

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|------------|-----|--|----|-----|-----------|
| 12,239,568 | (3) | Term Loan, maturing August 28, 2009<br><b>Owens-Illinois Group, Inc.</b> | B1 | BB- | 2,921,418 |
| 3,239,571  |     | Term Loan, 5.370%, maturing<br>April 01, 2008<br><b>Pro Mach, Inc.</b>   | B1 | B   | 3,299,908 |
| 2,500,000  |     | Term Loan, 5.340%-5.390%, maturing<br>December 01, 2011                  |    |     | 2,534,375 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                             | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|---|--------------------------|----------------|-------------------|
|   |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Containers, Packaging and Glass: (continued)</i> |   |                          |                |                   |
| \$ 4,932,679  | <b>Silgan Holdings, Inc.</b><br>Term Loan, 4.330%, maturing<br>November 30, 2008                      | Ba3                      | BB             | \$ 5,002,047      |
| 10,468,862  | <b>Smurfit-Stone Container Corporation</b><br>Term Loan, 4.438%-4.688%, maturing<br>November 01, 2011 | Ba3                      | BB-            | 10,647,702        |
| 3,221,188   | Term Loan, 4.438%-4.625%, maturing<br>November 01, 2011   |                          |                | 3,276,753         |
| 9,405,000   | <b>Solo Cup, Inc.</b><br>Term Loan, 5.049%-5.090%, maturing<br>February 27, 2011                      | B1                       | B+             | 9,596,044         |
| 4,476,225   | <b>U.S. Can Company</b><br>Term Loan, 6.400%, maturing<br>January 10, 2010                            | B2                       | B              | 4,504,201         |
|   |   |                          |                | <b>92,264,483</b> |
| <i>Data and Internet Services: 0.5%</i>             |   |                          |                |                   |
| 1,309,471   | <b>McLeodUSA, Inc.</b><br>Term Loan, 6.420%, maturing<br>May 30, 2008                                 | Caa2                     | NR             | 488,869           |
| 5,000,000   | <b>Worldspan, L.P.</b><br>Term Loan, 5.500%, maturing<br>February 16, 2010                            | B2                       | B              | 5,031,250         |
|   |   |                          |                | <b>5,520,119</b>  |
| <i>Diversified/Conglomerate Manufacturing: 4.6%</i> |   |                          |                |                   |
| 1,795,489   | <b>Axia, Inc.</b><br>Term Loan, 6.320%-7.110%, maturing<br>November 30, 2010                          | B2                       | B              | 1,826,910         |
| 5,444,667   | <b>Cinram International, Inc.</b><br>Term Loan, 5.400%, maturing<br>September 30, 2009                | Ba3                      | BB             | 5,563,769         |
| 1,520,424   | <b>Dresser Rand, Inc.</b><br>Term Loan, 4.560%, maturing<br>October 01, 2010                          | B1                       | B+             | 1,548,932         |
| 2,866,154   | <b>Dresser, Inc.</b><br>Term Loan, 5.170%, maturing<br>April 10, 2009                                 | Ba3                      | BB-            | 2,903,772         |
| 537,228   | <b>Flowserve Corporation</b><br>Term Loan, 4.375%-4.500%, maturing<br>June 30, 2006                   | Ba3                      | BB-            | 542,712           |
| 1,962,657   | Term Loan, 5.150%-5.438%, maturing<br>June 30, 2009   |                          |                | 1,995,777         |
| 2,500,000   | (5) <b>Gentek Holding Corporation</b><br>Term Loan, maturing February 28, 2011                        | B2                       | B+             | 2,547,395         |
| 2,000,000   | <b>Goodman Global Holdings, Inc.</b><br>Term Loan, 4.813%, maturing                                   | B2                       | B+             |                   |

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|           |  |     |     |           |
|-----------|--|-----|-----|-----------|
|           | December 23, 2011                                    |     |     | 2,036,250 |
|           | <b>Itron, Inc.</b>                                   | Ba3 | BB- |           |
| 757,162   | Term Loan, 4.813%-4.938%, maturing<br>June 28, 2011  |     |     | 765,364   |
|           | <b>Mueller Group, Inc.</b>                           | B2  | B+  |           |
| 9,449,541 | Term Loan, 5.420%-5.740%, maturing<br>April 23, 2011 |     |     | 9,561,754 |
|           | <b>Norcross Safety Products, LLC</b>                 | B1  | B+  |           |
| 939,663   | Term Loan, 4.920%, maturing March 20, 2009           |     |     | 952,878   |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                                    | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|--|---|--------------------------|----------------|-------------------|
|  |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Diversified/Conglomerate Manufacturing: (continued)</i> |   |                          |                |                   |
| \$ 3,338,695   | <b>RLC Industries Company</b><br>Term Loan, 4.170%, maturing<br>February 26, 2009               | B1                       | BB+            | \$ 3,351,215      |
| 1,704,348  | <b>Sensus Metering Systems, Inc.</b><br>Term Loan, 5.348%-5.580%, maturing<br>December 17, 2010 | B2                       | B+             | 1,723,167         |
| 255,652  | Term Loan, 5.348%-5.580%, maturing<br>December 17, 2010   |                          |                | 258,475           |
| 10,467,026   | <b>SPX Corporation</b><br>Term Loan, 4.688%, maturing<br>September 30, 2009                     | Ba2                      | BBB-           | 10,535,062        |
| 4,000,000  | <b>Universal Compression, Inc.</b><br>Term Loan, 4.340%, maturing<br>February 15, 2012          | Ba2                      | BB             | 4,063,124         |
|  |   |                          |                | <b>50,176,556</b> |
| <i>Diversified/Conglomerate Service: 2.4%</i>              |   |                          |                |                   |
| 12,902,172   | <b>Amerco, Inc.</b><br>Term Loan, 6.710%, maturing<br>February 27, 2009                         | NR                       | BB             | 13,216,663        |
| 3,157,381  | <b>Brand Services, Inc.</b><br>Term Loan, 6.020%-6.890%, maturing<br>October 16, 2009           | B1                       | B              | 3,204,741         |
| 6,976,667  | <b>Iron Mountain, Inc.</b><br>Term Loan, 4.340%, maturing<br>April 02, 2011                     | B2                       | BB-            | 7,044,982         |
| 2,274,790  | Term Loan, 4.688%, maturing<br>April 02, 2011   |                          |                | 2,293,273         |
|  |   |                          |                | <b>25,759,659</b> |
| <i>Ecological: 2.0%</i>                                    |   |                          |                |                   |
| 73,900   | <b>Allied Waste North America, Inc.</b><br>Revolver, 5.580%-7.500%, maturing<br>June 30, 2010   | B1                       | BB             | 73,438            |
| 12,828,825   | Term Loan, 5.220%-5.520%, maturing<br>January 15, 2010  |                          |                | 12,872,931        |
| 1,963,062  | Term Loan, 5.240%-5.270%, maturing<br>January 15, 2010  |                          |                | 1,970,302         |
| 1,163,636  | <b>Envirosolutions, Inc.</b><br>Term Loan, 7.060%, maturing<br>March 01, 2009                   | NR                       | NR             | 1,163,636         |
| 3,559,091  | Term Loan, 7.060%, maturing<br>March 01, 2009   |                          |                | 3,554,642         |
| 1,800,000  | <b>IESI Corporation</b><br>Term Loan, 4.598%-4.680%, maturing<br>January 14, 2012               | B1                       | BB             | 1,829,250         |
|  |   |                          |                | <b>21,464,199</b> |

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*Electronics: 1.3%*

|            |     |   |    |     |           |
|------------|-----|---|----|-----|-----------|
| 479,077    |     | <b>Acterna, LLC</b><br>Term Loan, 12.000%, maturing<br>October 14, 2008 | NR | NR  |           |
|            |     | <b>Decision One Corporation</b>   | B3 | CCC | 483,868   |
| 10,541,011 | (3) | Term Loan, maturing April 18, 2005                                      |    |     | 5,428,621 |

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>              |           | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|--------------------------------------|-----------|---|--------------------------|----------------|-------------------|
|                                      |           |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Electronics: (continued)</i>      |           |   |                          |                |                   |
| \$                                   | 1,977,157 | <b>Invensys International Holdings, Ltd.</b><br>Term Loan, 6.091%, maturing<br>September 05, 2009 | Ba3                      | B+             | \$ 2,012,993      |
|                                      | 2,074,883 | <b>Knowles Electronics, Inc.</b><br>Term Loan, 7.188%, maturing<br>June 29, 2007                  | B3                       | B-             | 2,092,173         |
|                                      | 2,500,000 | <b>On Semiconductor Corporation</b><br>Term Loan, 5.563%, maturing<br>December 15, 2011           | B3                       | B              | 2,535,938         |
|                                      | 1,750,000 | <b>SI International, Inc.</b><br>Term Loan, 5.780%, maturing<br>February 09, 2011                 | B1                       | B+             | 1,783,906         |
|                                      |           |   |                          |                | <b>14,337,499</b> |
| <i>Farming and Agriculture: 1.2%</i> |           |   |                          |                |                   |
|                                      | 4,590,833 | <b>AGCO Corporation</b><br>Term Loan, 4.470%-4.550%, maturing<br>January 31, 2006                 | Ba1                      | BB+            | 4,675,479         |
|                                      | 2,500,000 | (5) <b>Mosaic Company</b><br>Term Loan, maturing February 11, 2012                                | Ba2                      | BB+            | 2,530,208         |
|                                      | 5,862,245 | <b>Vicar Operating, Inc.</b><br>Term Loan, 4.188%, maturing<br>September 30, 2008                 | Ba3                      | BB-            | 5,950,179         |
|                                      |           |   |                          |                | <b>13,155,866</b> |
| <i>Finance: 0.9%</i>                 |           |   |                          |                |                   |
|                                      | 4,037,500 | <b>Refco Finance Holdings, LLC</b><br>Term Loan, 5.370%, maturing<br>August 05, 2011              | B1                       | BB-            | 4,094,530         |
|                                      | 5,970,000 | <b>Rent-A-Center, Inc.</b><br>Term Loan, 4.210%, maturing<br>June 30, 2010                        | Ba2                      | BB+            | 6,054,326         |
|                                      |           |   |                          |                | <b>10,148,856</b> |
| <i>Gaming: 5.5%</i>                  |           |   |                          |                |                   |
|                                      | 2,245,570 | <b>Alliance Gaming Corporation</b><br>Term Loan, 5.650%, maturing<br>September 04, 2009           | Ba3                      | BB-            | 2,259,138         |
|                                      | 1,000,000 | <b>Ameristar Casinos, Inc.</b><br>Term Loan, 4.625%, maturing<br>December 20, 2006                | Ba3                      | BB-            | 1,016,667         |
|                                      | 2,308,712 | Term Loan, 4.625%, maturing<br>December 20, 2006  |                          |                | 2,347,192         |
|                                      | 1,995,000 | <b>Argosy Gaming Company</b><br>Term Loan, 4.310%, maturing<br>July 31, 2008                      | Ba2                      | BB             | 2,009,340         |
|                                      | 6,467,500 | <b>Boyd Gaming Corporation</b><br>Term Loan, 3.920%-4.530%,                                       | Ba2                      | BB             |                   |

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|-----------|--|----|----|-----------|
|           | maturing June 30, 2011                           |    |    | 6,560,470 |
|           | <b>Global Cash Access, LLC</b>                   | B2 | B+ |           |
| 2,806,731 | Term Loan, 5.420%, maturing<br>March 10, 2010    |    |    | 2,827,781 |
|           | <b>Green Valley Ranch Gaming, LLC</b>            | B1 | NR |           |
| 2,485,000 | Term Loan, 4.501%, maturing<br>December 24, 2010 |    |    | 2,519,169 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                           | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|---|--------------------------|----------------|-------------------|
|   |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Gaming: (continued)</i>                        |   |                          |                |                   |
| \$ 1,000,000                                      | <b>Herbst Gaming, Inc.</b><br>Term Loan, 4.890%, maturing<br>January 31, 2011                   | B3                       | B+             | \$ 1,015,938      |
| 1,500,000   | <b>Isle of Capri Casinos, Inc.</b><br>Term Loan, 4.340%, maturing<br>January 27, 2011           | Ba2                      | BB-            | 1,521,563         |
| 2,000,000   | <b>Marina District Finance Company, Inc.</b><br>Term Loan, 3.930%, maturing<br>October 20, 2011 | NR                       | NR             | 2,022,500         |
| 14,228,479  | <b>Opbiz, LLC</b><br>Term Loan, 5.560%, maturing<br>September 01, 2010                          | NR                       | B-             | 14,159,556        |
| 33,573  | Term Loan, 6.560%, maturing<br>September 01, 2010   |                          |                | 33,410            |
| 1,577,689   | <b>Penn National Gaming, Inc.</b><br>Term Loan, 5.060%-5.080%, maturing<br>September 01, 2007   | Ba3                      | BB-            | 1,585,578         |
| 500,000   | <b>Pinnacle Entertainment, Inc.</b><br>Term Loan, 5.670%, maturing<br>August 27, 2010           | B1                       | BB-            | 507,500           |
| 4,000,000   | <b>Ruffin Gaming, LLC</b><br>Term Loan, 5.938%, maturing<br>July 14, 2007                       | NR                       | NR             | 4,060,000         |
| 2,733,591   | <b>United Auburn Indian Community</b><br>Term Loan, 7.060%, maturing<br>January 24, 2009        | Ba3                      | BB+            | 2,747,259         |
| 12,435,897  | <b>Venetian Casino Resorts, LLC</b><br>Term Loan, 4.370%, maturing<br>July 31, 2011             | B1                       | BB-            | 12,647,307        |
|   |   |                          |                | <b>59,840,368</b> |
| <i>Grocery: 0.3%</i>                              |   |                          |                |                   |
| 1,031,074   | <b>Giant Eagle, Inc.</b><br>Term Loan, 4.770%, maturing<br>August 06, 2009                      | Ba2                      | BB+            | 1,044,607         |
| 1,889,074   | Term Loan, 4.560%-4.770%, maturing<br>August 06, 2009   |                          |                | 1,913,869         |
|   |   |                          |                | <b>2,958,476</b>  |
| <i>Healthcare, Education and Childcare: 14.0%</i> |   |                          |                |                   |
| 3,971,272   | <b>Accredo Health, Inc.</b><br>Term Loan, 4.420%, maturing<br>March 31, 2009                    | Ba2                      | BB             | 3,993,610         |
| 3,297,873   | <b>Advanced Medical Optics, Inc.</b><br>Term Loan, 4.590%, maturing<br>June 25, 2009            | B1                       | BB-            | 3,336,007         |
|   | <b>Alliance Imaging, Inc.</b>   | B1                       | B+             |                   |

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|           |  |    |    |           |
|-----------|--|----|----|-----------|
| 2,882,813 | Term Loan, 4.688%-5.125%,<br>maturing December 29, 2011<br><b>Arden Healthcare, Inc.</b> | B1 | B+ | 2,926,055 |
| 1,992,500 | Term Loan, 4.800%, maturing<br>August 12, 2011   |    |    | 2,020,521 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i> |            | <i>Borrower/Tranche Description</i>                     | <i>Bank Loan Ratings</i> |                | <i>Value</i> |
|-------------------------|------------|---|--------------------------|----------------|--------------|
|                         |            |   | <i>Moody's</i>           | <i>S&amp;P</i> |              |
|                         |            |   |                          |                |              |
|                         |            | <b>Healthcare, Education and Childcare: (continued)</b> |                          |                |              |
| \$                      | 26,956     | <b>Block Vision Holdings Corporation</b>                | NR                       | NR             |              |
|                         |            | Revolver, 6.610%, maturing                              |                          |                |              |
|                         |            | December 31, 2005                                       |                          |                | \$ 26,956    |
|                         | 13,365     | Term Loan, 13.000%, maturing                            |                          |                |              |
|                         |            | July 30, 2007   |                          |                |              |
|                         | 24,496,898 | <b>Community Health Systems, Inc.</b>                   | Ba3                      | BB-            |              |
|                         |            | Term Loan, 4.420%-4.640%, maturing                      |                          |                |              |
|                         |            | August 19, 2011   |                          |                | 24,805,020   |
|                         | 1,488,769  | <b>Concentra Operating Corporation</b>                  | B1                       | B+             |              |
|                         |            | Term Loan, 5.100%-5.370%, maturing                      |                          |                |              |
|                         |            | June 30, 2010   |                          |                | 1,511,100    |
|                         | 2,000,000  | <b>Cooper Companies</b>                                 | Ba3                      | BB             |              |
|                         |            | Term Loan, 4.563%, maturing                             |                          |                |              |
|                         |            | January 06, 2012  |                          |                | 2,028,750    |
|                         | 3,125,000  | <b>Davita, Inc.</b>                                     | Ba2                      | BB             |              |
|                         |            | Term Loan, 4.170%, maturing                             |                          |                |              |
|                         |            | March 31, 2007  |                          |                | 3,132,812    |
|                         | 12,320,660 | Term Loan, 4.170%-4.848%, maturing                      |                          |                |              |
|                         |            | March 31, 2009  |                          |                | 12,366,862   |
|                         | 2,992,500  | Term Loan, 4.390%-4.623%, maturing                      |                          |                |              |
|                         |            | June 30, 2010   |                          |                | 3,008,211    |
|                         | 950,000    | <b>dj Orthopedics, LLC</b>                              | Ba3                      | BB-            |              |
|                         |            | Term Loan, 4.563%-4.938%, maturing                      |                          |                |              |
|                         |            | May 15, 2009  |                          |                | 966,625      |
|                         | 5,000,000  | <b>EMSC, L.P.</b>                                       | B2                       | B+             |              |
|                         |            | Term Loan, 5.520%-5.750%, maturing                      |                          |                |              |
|                         |            | February 02, 2012                                       |                          |                | 5,095,315    |
|                         | 2,000,000  | <b>Encore Medical IHC, Inc.</b>                         | B1                       | B              |              |
|                         |            | Term Loan, 5.590%, maturing                             |                          |                |              |
|                         |            | October 04, 2010  |                          |                | 2,033,750    |
|                         | 2,977,500  | <b>Express Scripts, Inc.</b>                            | Ba1                      | BBB            |              |
|                         |            | Term Loan, 3.973%-4.290%, maturing                      |                          |                |              |
|                         |            | February 13, 2010                                       |                          |                | 3,006,033    |
|                         | 2,500,000  | <b>Eye Care Centers Of America, Inc.</b>                | B2                       | B              |              |
|                         | (5)        | Term Loan, maturing February 16, 2012                   |                          |                | 2,545,312    |
|                         | 2,487,500  | <b>Fisher Scientific International, Inc.</b>            | Ba2                      | BBB            |              |
|                         |            | Term Loan, 4.170%, maturing                             |                          |                |              |
|                         |            | August 02, 2011   |                          |                | 2,510,303    |
|                         | 3,000,000  | <b>Healthcare Partners, LLC</b>                         | B1                       | BB             |              |
|                         | (5)        | Term Loan, maturing February 04, 2011                   |                          |                | 3,046,875    |
|                         | 8,955,000  | <b>Iasis Healthcare Corporation</b>                     | B1                       | B+             |              |
|                         |            | Term Loan, 4.810%, maturing                             |                          |                |              |
|                         |            | June 30, 2011   |                          |                | 9,095,853    |
|                         | 478,091    | <b>Insight Health Services Corporation</b>              | B1                       | B              |              |
|                         |            | Term Loan, 6.560%, maturing                             |                          |                |              |

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|         |   |                    |
|---------|---|--------------------|
| 110,329 | October 17, 2008<br>Term Loan, 6.560%, maturing<br>October 17, 2008 | 480,182<br>110,811 |
| 55,164  | Term Loan, 6.560%, maturing<br>October 17, 2008                     | 55,406             |

See Accompanying Notes to Financial Statements

# ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                                 | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i> |
|---|--|--------------------------|----------------|--------------|
|   |  | <i>Moody's</i>           | <i>S&amp;P</i> |              |
| <i>Healthcare, Education and Childcare: (continued)</i> |  |                          |                |              |
| \$ 2,114,948  | Term Loan, 6.310%, maturing October 17, 2008   |                          |                | \$ 2,126,845 |
| 5,753,615   | <b>Kinetic Concepts, Inc.</b><br>Term Loan, 4.310%, maturing August 11, 2010                   | B1                       | BB-            | 5,811,151    |
| 4,477,500   | <b>Leiner Health Products Group, Inc.</b><br>Term Loan, 5.560%, maturing May 27, 2011          | B1                       | B              | 4,544,662    |
| 1,416,667   | <b>Magellan Health Services, Inc.</b><br>Term Loan, 4.740%, maturing August 15, 2008           | B1                       | B+             | 1,437,917    |
| 1,741,250   | <b>Medical Device Manufacturing, Inc.</b><br>Term Loan, 5.670%-5.730%, maturing June 30, 2010  | B2                       | B+             | 1,756,486    |
| 9,647,435   | <b>Pacificare Health Systems, Inc.</b><br>Term Loan, 4.063%-4.250%, maturing December 13, 2010 | Ba2                      | BBB-           | 9,733,355    |
| 4,000,000   | <b>Select Medical Corporation</b><br>Term Loan, maturing February 24, 2012                     | B1                       | BB-            | 4,050,832    |
| 1,500,000   | <b>SFBC International, Inc.</b><br>Term Loan, 5.610%, maturing December 31, 2010               | B2                       | B+             | 1,526,250    |
| 5,476,245   | <b>Skilled Healthcare Group, Inc.</b><br>Term Loan, 5.340%, maturing July 31, 2010             | B1                       | B              | 5,537,853    |
| 374,060   | Term Loan, 7.000%, maturing July 31, 2010  |                          |                | 378,269      |
| 1,925,000   | <b>Sola International, Inc.</b><br>Term Loan, 5.080%, maturing December 11, 2009               | Ba3                      | BB-            | 1,951,469    |
| 4,477,500   | <b>Sterigenics International, Inc.</b><br>Term Loan, 5.530%, maturing June 14, 2011            | B2                       | B+             | 4,533,469    |
| 623,509   | <b>Sybron Dental Management, Inc.</b><br>Term Loan, 4.310%-4.340%, maturing June 06, 2009      | Ba2                      | BB+            | 627,698      |
| 1,475,243   | <b>Triad Hospitals, Inc.</b><br>Term Loan, 4.920%, maturing September 30, 2008                 | Ba3                      | BB             | 1,501,880    |
| 12,473,750  | <b>Vanguard Health Systems, Inc.</b><br>Term Loan, 5.790%, maturing September 23, 2011         | B2                       | B              | 12,727,129   |
| 5,034,334   | <b>VWR International, Inc.</b><br>Term Loan, 5.170%, maturing April 07, 2011                   | B2                       | B+             | 5,129,357    |

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|  |  |     |     |                    |
|--|--|-----|-----|--------------------|
| <i>Home and Office Furnishings: 4.0%</i> |  |     |     | <b>151,476,991</b> |
| 3,965,075                                | <b>Buhrmann U.S., Inc.</b>                       | Ba3 | BB- |                    |
|  | Term Loan, 4.940%, maturing<br>December 31, 2010 |     |     | 4,051,811          |

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                         | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|--|--------------------------|----------------|-------------------|
|   |  | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Home and Office Furnishings: (continued)</i> |  |                          |                |                   |
| \$ 2,489,994                                    | <b>Global Imaging Systems, Inc.</b><br>Term Loan, 4.560%-4.790%, maturing<br>May 10, 2010  | Ba3                      | BB-            | \$ 2,521,898      |
| 2,977,500                                       | <b>Hillman Group, Inc.</b><br>Term Loan, 5.500%-5.813%, maturing<br>March 30, 2011         | B2                       | B              | 3,014,719         |
| 3,977,506                                       | <b>Holmes Group, Inc.</b><br>Term Loan, 5.730%-6.098%, maturing<br>November 08, 2010       | B1                       | B              | 4,022,253         |
| 3,721,649                                       | <b>Identity Group, Inc.</b><br>Term Loan, 6.250%, maturing<br>April 30, 2006               | NR                       | NR             | 3,237,834         |
| 3,945,682                                       | <b>Juno Lighting, Inc.</b><br>Term Loan, 5.090%-7.000%, maturing<br>November 21, 2010      | B1                       | B+             | 4,024,595         |
| 3,980,000                                       | <b>Maax Corporation</b><br>Term Loan, 5.188%-5.520%, maturing<br>June 04, 2011             | B2                       | B              | 4,024,775         |
| 500,000   | <b>National Bedding Company</b><br>Term Loan, 4.920%-5.380%, maturing<br>December 29, 2010 | Ba3                      | BB-            | 506,562           |
| 7,473,214                                       | <b>Sealy Mattress Company</b><br>Term Loan, 4.650%-4.910%, maturing<br>April 06, 2012      | B2                       | B+             | 7,591,538         |
| 8,323,704                                       | <b>Simmons Company</b><br>Term Loan, 4.750%-7.000%, maturing<br>December 19, 2011          | B2                       | B+             | 8,479,773         |
| 2,000,000                                       | <b>Xerox Corporation</b><br>Term Loan, 4.420%, maturing<br>September 30, 2008              | Ba1                      | BB-            | 2,023,438         |
|   |  |                          |                | <b>43,499,196</b> |
| <i>Insurance: 2.1%</i>                          |  |                          |                |                   |
| 3,864,081                                       | <b>CCC Information Services, Inc.</b><br>Term Loan, 5.670%, maturing<br>August 20, 2010    | B1                       | B+             | 3,912,382         |
| 14,400,000                                      | <b>Conseco, Inc.</b><br>Term Loan, 6.170%, maturing<br>June 22, 2010                       | B2                       | BB-            | 14,697,000        |
| 1,417,690                                       | <b>Mitchell International, Inc.</b><br>Term Loan, 5.550%, maturing<br>August 15, 2011      | B1                       | B+             | 1,442,499         |
| 2,500,000                                       | <b>Vertafore, Inc.</b><br>Term Loan, 5.620%, maturing<br>December 22, 2010                 | B2                       | B              | 2,543,750         |
|   | <b>Vertafore, Inc.</b>   | B3                       | NR             |                   |

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500,000

Term Loan, 8.870%, maturing  
December 22, 2011

505,625  
**23,101,256**

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                        | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|--|---|--------------------------|----------------|-------------------|
|  |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Leisure, Amusement, Entertainment: 8.8%</i> |   |                          |                |                   |
| \$ 7,948,914                                   | <b>24 Hour Fitness Worldwide, Inc.</b><br>Term Loan, 6.023%-6.250%, maturing<br>July 01, 2009           | B1                       | B              | \$ 7,968,787      |
| 1,462,249                                      | <b>AMF Bowling Worldwide, Inc.</b><br>Term Loan, 5.170%-7.500%, maturing<br>August 27, 2009             | B1                       | B              | 1,472,760         |
| 1,488,750                                      | <b>Cinemark USA, Inc.</b><br>Term Loan, 4.350%-4.590%, maturing<br>March 31, 2011                       | Ba3                      | BB-            | 1,514,803         |
| 2,736,250                                      | <b>Hollywood Theaters, Inc.</b><br>Term Loan, 5.810%, maturing<br>July 31, 2009                         | B2                       | B              | 2,792,685         |
| 6,000,000                                      | <b>Kerasotes Theatres, Inc.</b><br>Term Loan, 5.310%, maturing<br>October 31, 2011                      | B1                       | B              | 6,097,500         |
| 3,704,251                                      | <b>Lodgenet Entertainment Corporation</b><br>Term Loan, 5.310%, maturing<br>August 29, 2008             | B1                       | B+             | 3,734,926         |
| 7,481,249                                      | <b>Loews Cineplex Entertainment Corporation</b><br>Term Loan, 4.810%-5.000%, maturing<br>July 31, 2011  | B1                       | B              | 7,611,004         |
| 18,952,500                                     | <b>Metro-Goldwyn-Mayer Studios, Inc.</b><br>Term Loan, 5.060%, maturing<br>April 30, 2011               | Ba3                      | B+             | 19,002,838        |
| 2,977,500                                      | <b>Pure Fishing, Inc.</b><br>Term Loan, 5.550%-5.850%, maturing<br>September 30, 2010                   | B1                       | BB-            | 3,037,050         |
| 13,472,884                                     | <b>Regal Cinemas, Inc.</b><br>Term Loan, 4.560%, maturing<br>November 10, 2010                          | Ba3                      | BB-            | 13,680,986        |
| 1,496,250                                      | <b>Riddell Bell Holding, Inc.</b><br>Term Loan, 4.750%-7.000%, maturing<br>September 28, 2011           | B1                       | BB-            | 1,522,746         |
| 950,000  | <b>Six Flags Theme Parks, Inc.</b><br>Revolver, 5.080%-5.120%, maturing<br>June 30, 2008                | B1                       | B-             | 929,812           |
| 5,930,070                                      | Term Loan, 5.090%, maturing<br>June 30, 2009  |                          |                | 6,036,812         |
| 5,000,000                                      | <b>Universal City Development Partners, L.P.</b><br>Term Loan, 4.560%-4.820%, maturing<br>June 09, 2011 | Ba3                      | BB-            | 5,087,500         |
| 14,850,000                                     | <b>WMG Acquisition Corporation</b><br>Term Loan, 4.720%-5.370%, maturing<br>February 28, 2011           | B1                       | B+             | 15,105,242        |
|  |   |                          |                | <b>95,595,451</b> |

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*Lodging: 0.7%*

|           |  |    |    |                  |
|-----------|--|----|----|------------------|
| 7,853,269 | <b>Wyndham International, Inc.</b><br>Term Loan, 7.375%, maturing<br>June 30, 2006 | NR | NR | 7,898,261        |
|           |  |    |    | <b>7,898,261</b> |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                                 | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|---|--------------------------|----------------|-------------------|
|   |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Machinery: 3.5%</i>                                  |   |                          |                |                   |
| \$ 3,500,000  | <b>Alliance Laundry Holdings, LLC</b><br>Term Loan, 4.840%, maturing<br>January 27, 2012        | B3                       | B              | \$ 3,545,210      |
| 1,990,002   | <b>Blount, Inc.</b><br>Term Loan, 5.150%-5.310%, maturing<br>August 09, 2010                    | B2                       | B+             | 2,023,997         |
| 2,437,500   | <b>Bucyrus International, Inc.</b><br>Term Loan, 4.810%-5.000%, maturing<br>July 28, 2010       | Ba3                      | BB-            | 2,486,250         |
| 4,255,239   | <b>Energys, Inc.</b><br>Term Loan, 4.510%-4.848%, maturing<br>March 17, 2011                    | Ba3                      | BB             | 4,319,068         |
| 2,500,000   | <b>Maxim Crane Works, L.P.</b><br>Term Loan, 7.250%, maturing<br>January 25, 2010               | B2                       | BB-            | 2,559,375         |
| 1,500,000   | <b>Maxim Crane Works, L.P.</b><br>Term Loan, 8.125%, maturing<br>January 30, 2012               | B3                       | B+             | 1,561,875         |
| 2,571,429   | <b>National Waterworks, Inc.</b><br>Term Loan, 5.060%, maturing<br>November 22, 2009            | B1                       | B+             | 2,616,428         |
| 5,891,667   | <b>Rexnord Corporation</b><br>Term Loan, 5.230%-7.250%, maturing<br>November 25, 2009           | B1                       | B+             | 5,950,583         |
| 862,907   | <b>Terex Corporation</b><br>Term Loan, 4.890%, maturing<br>July 03, 2009                        | B1                       | BB-            | 874,053           |
| 10,255,833  | <b>United Rentals (North America), Inc.</b><br>Term Loan, 4.920%, maturing<br>February 14, 2011 | Ba3                      | BB             | 10,441,720        |
| 1,950,000   | <b>Vutek, Inc.</b><br>Term Loan, 8.000%, maturing<br>June 25, 2010                              | B1                       | B+             | 1,959,750         |
|   |   |                          |                | <b>38,338,309</b> |
| <i>Mining, Steel, Iron and Nonprecious Metals: 1.4%</i> |   |                          |                |                   |
| 3,071,809   | <b>Foundation Coal Corporation</b><br>Term Loan, 4.560%-4.780%, maturing<br>July 30, 2011       | Ba3                      | BB-            | 3,125,181         |
| 1,496,250   | <b>International Coal Group, LLC</b><br>Term Loan, 5.360%, maturing<br>October 01, 2010         | B2                       | B-             | 1,520,564         |
| 3,653,846   | <b>Novelis, Inc.</b><br>Term Loan, 4.500%, maturing<br>January 05, 2012                         | Ba2                      | BB-            | 3,715,048         |
| 6,346,154   | Term Loan, 4.500%, maturing   |                          |                |                   |

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January 05, 2012

6,452,452

**14,813,245**

*North American Cable: 17.8%*

|            |     |  |    |    |
|------------|-----|--|----|----|
| 11,000,000 | (2) | <b>Adelphia Communications Corporation</b>                 | NR | NR |
|            | (5) | Debtor in Possession Term Loan, maturing<br>March 31, 2006 |    |    |

11,000,000

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                  | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i> |
|--|--|--------------------------|----------------|--------------|
|  |  | <i>Moody's</i>           | <i>S&amp;P</i> |              |
| <i>North American Cable: (continued)</i> |  |                          |                |              |
| \$ 2,000,000                             | <b>Atlantic Broadband Finance, LLC</b><br>Term Loan, 5.690%, maturing<br>September 01, 2011            | B2                       | B              | \$ 2,042,500 |
| 2,487,500                                | <b>Bragg Communications, Inc.</b><br>Term Loan, 5.390%, maturing<br>August 31, 2011                    | B1                       | NR             | 2,531,031    |
| 5,000,000                                | <b>Bresnan Communications, LLC</b><br>Term Loan, 5.940%-6.140%, maturing<br>December 31, 2007          | B1                       | BB-            | 5,083,595    |
| 1,488,750                                | <b>Cebridge Connections, Inc.</b><br>Term Loan, 5.240%-7.750%, maturing<br>February 23, 2009           | NR                       | NR             | 1,494,333    |
| 2,466,250                                | Term Loan, 8.225%-9.130%, maturing<br>February 23, 2010  |                          |                | 2,500,161    |
| 1,230,000                                | (2) <b>Century Cable Holdings, LLC</b><br>Revolver, 6.500%, maturing<br>March 31, 2009                 | Caa1                     | NR             | 1,215,586    |
| 19,357,940                               | Term Loan, 7.500%, maturing<br>June 30, 2009   |                          |                | 19,293,981   |
| 5,500,000                                | Term Loan, 7.500%, maturing<br>December 31, 2009   |                          |                | 5,479,375    |
| 7,000,000                                | <b>Charter Communications Operating, LLC</b><br>Term Loan, 5.730%, maturing<br>April 27, 2010          | B2                       | B              | 6,995,079    |
| 49,750,000                               | Term Loan, 5.890%-5.980%, maturing<br>April 27, 2011   |                          |                | 49,982,183   |
| 7,000,000                                | (2) <b>Hilton Head Communications, L.P.</b><br>Revolver, 5.500%, maturing<br>September 30, 2007        | Caa1                     | NR             | 6,881,000    |
| 8,500,000                                | Term Loan, 6.750%, maturing<br>March 31, 2008  |                          |                | 8,391,625    |
| 1,760,000                                | <b>Insight Midwest Holdings, LLC</b><br>Term Loan, 4.188%, maturing<br>June 30, 2009                   | Ba3                      | BB             | 1,764,951    |
| 1,980,000                                | Term Loan, 5.440%, maturing<br>December 31, 2009   |                          |                | 2,016,662    |
| 16,335,000                               | Term Loan, 5.438%, maturing<br>December 31, 2009   |                          |                | 16,641,281   |
| 15,920,000                               | <b>Mediacom Communications Corporation</b><br>Term Loan, 4.940%-5.340%, maturing<br>September 30, 2010 | Ba3                      | BB-            | 16,188,650   |
| 7,500,000                                | (2) <b>Olympus Cable Holdings, LLC</b><br>Term Loan, 6.750%, maturing<br>June 30, 2010                 | B2                       | NR             | 7,443,165    |
| 21,000,000                               | Term Loan, 7.500%, maturing  |                          |                |              |

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|           |                                    |    |    |            |
|-----------|------------------------------------|----|----|------------|
|           | September 30, 2010                 |    |    | 20,914,698 |
|           | <b>Persona Communication, Inc.</b> | B2 | B+ |            |
| 3,482,500 | Term Loan, 5.560%, maturing        |    |    |            |
|           | August 01, 2011                    |    |    | 3,522,768  |

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                           | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>       |
|---|---|--------------------------|----------------|--------------------|
|   |   | <i>Moody's</i>           | <i>S&amp;P</i> |                    |
| <i>North American Cable: (continued)</i>          |   |                          |                |                    |
| \$ 1,000,000                                      | <b>Puerto Rico Cable Acquisition Company</b><br>Term Loan, 6.188%, maturing<br>November 30, 2010  | NR                       | NR             | \$ 1,021,250       |
|   |   |                          |                | <b>192,403,874</b> |
| <i>Oil and Gas: 4.6%</i>                          |   |                          |                |                    |
| 7,500,000   | <b>BPL Acquisition, L.P.</b><br>Term Loan, 4.790%, maturing<br>December 16, 2011                  | Ba3                      | BB-            | 7,621,875          |
| 14,950,000  | <b>El Paso Corporation</b><br>Term Loan, 5.438%, maturing<br>November 23, 2009                    | B3                       | B-             | 15,230,313         |
| 5,800,000   | <b>Getty Petroleum Marketing, Inc.</b><br>Term Loan, 5.800%, maturing<br>May 19, 2010             | B1                       | BB-            | 5,912,375          |
| 1,990,000   | <b>Lyondell-Citgo Refining, L.P.</b><br>Term Loan, 4.591-4.670%, maturing<br>May 21, 2007         | Ba3                      | BB             | 2,012,387          |
| 4,358,605   | <b>Magellan Midstream Holdings, L.P.</b><br>Term Loan, 5.090%, maturing<br>December 10, 2011      | Ba2                      | BB             | 4,423,984          |
| 3,611,429   | <b>Plains Resources, Inc.</b><br>Term Loan, 4.640%, maturing<br>December 09, 2010                 | Ba2                      | BB             | 3,662,216          |
| 1,500,000   | <b>Regency Gas Services, LLC</b><br>Term Loan, 5.310%-5.530%, maturing<br>May 30, 2010            | B1                       | B+             | 1,537,500          |
| 500,000   | <b>Regency Gas Services, LLC</b><br>Term Loan, 8.780%, maturing<br>November 30, 2010              | B3                       | B-             | 509,375            |
| 4,364,063   | <b>Semcrude, L.P.</b><br>Term Loan, 7.250%, maturing<br>August 27, 2010                           | Ba3                      | NR             | 4,428,162          |
| 3,951,347   | <b>Williams Production RMT Company</b><br>Term Loan, 4.990%, maturing<br>May 30, 2008             | B2                       | BB             | 4,017,204          |
|   |   |                          |                | <b>49,355,391</b>  |
| <i>Other Broadcasting and Entertainment: 4.5%</i> |   |                          |                |                    |
| 2,500,000   | <b>Alliance Atlantis Communications, Inc.</b><br>Term Loan, 4.400%, maturing<br>December 20, 2011 | Ba2                      | BB             | 2,540,625          |
| 7,020,306   | <b>DirecTV Holdings, LLC</b><br>Term Loan, 4.590%, maturing<br>March 06, 2010                     | Ba1                      | BB             | 7,132,926          |
| 12,000,000  | <b>Echostar DBS Corporation</b><br>Floating Rate Note, 5.256%, maturing                           | Ba3                      | BB-            |                    |

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|            |  |      |      |            |
|------------|--|------|------|------------|
|            | October 01, 2008   |      |      | 12,360,000 |
|            | <b>Liberty Media Corporation</b>                           | Baa3 | BBB- |            |
| 15,000,000 | Floating Rate Note, 3.380%, maturing<br>September 17, 2006 |      |      | 15,184,650 |
|            | <b>Rainbow National Services, LLC</b>                      | B1   | BB+  |            |
| 10,000,000 | Term Loan, 5.690%, maturing<br>March 31, 2012              |      |      | 10,143,750 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                                  | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|--|--|--------------------------|----------------|-------------------|
|  |  | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Other Broadcasting and Entertainment: (continued)</i> |  |                          |                |                   |
| \$ 685,714   | <b>Yankeeets, LLC</b><br>Term Loan, 4.900%-5.373%, maturing<br>June 25, 2007                                 | NR                       | NR             | \$ 698,143        |
| 314,286  | <b>Yankees Holdings, L.P.</b><br>Term Loan, 4.000%-5.250%, maturing<br>June 25, 2007                         | NR                       | NR             | 319,982           |
|  |  |                          |                | <b>48,380,076</b> |
| <i>Other Telecommunications: 5.1%</i>                    |  |                          |                |                   |
| 2,000,000  | <b>Alaska Communications Systems Holdings, Inc.</b><br>Term Loan, 4.640%, maturing<br>January 31, 2012       | B1                       | B+             | 2,021,562         |
| 3,308,743  | <b>Consolidated Communications, Inc.</b><br>Term Loan, 4.810%-4.920%, maturing<br>March 31, 2010             | B1                       | B+             | 3,317,015         |
| 4,214,308  | Term Loan, 5.060%-5.320%, maturing<br>August 15, 2011  |                          |                | 4,266,987         |
| 2,969,763  | <b>D&amp;E Communications, Inc.</b><br>Term Loan, 4.440%-6.500%, maturing<br>December 31, 2011               | Ba3                      | BB-            | 2,995,748         |
| 3,500,000  | <b>Fairpoint Communications, Inc.</b><br>Term Loan, 4.750%, maturing<br>February 15, 2012                    | B1                       | BB-            | 3,557,421         |
| 2,087,144  | <b>GCI Holdings, Inc.</b><br>Term Loan, 4.920%, maturing<br>October 31, 2007                                 | Ba2                      | BB+            | 2,108,016         |
| 2,473,623 (3)  | <b>Intera Group, Inc.</b><br>Term Loan, maturing December 31, 2005   | NR                       | NR             | 1,124,049         |
| 1,083,735 (3)  | Term Loan, maturing December 31, 2005  |                          |                |                   |
| 2,135,651 (3)  | Term Loan, maturing December 31, 2005  |                          |                |                   |
| 5,250,000  | <b>Iowa Telecommunications Services, Inc.</b><br>Term Loan, 4.460%-4.610%, maturing<br>November 30, 2011     | Ba3                      | BB-            | 5,316,717         |
| 712,500  | <b>Metrocall Holdings, Inc.</b><br>Term Loan, 5.060%, maturing<br>November 16, 2006                          | Ba3                      | NR             | 717,844           |
| 9,000,000  | <b>Qwest Communications International, Inc.</b><br>Floating Rate Note, 5.790%, maturing<br>February 15, 2009 | B3                       | CCC+           | 9,180,000         |
| 2,000,000  | <b>Qwest Corporation</b><br>Term Loan, 7.390%, maturing<br>June 30, 2007                                     | B2                       | BB-            | 2,087,032         |
| 3,000,000  | <b>Time Warner Telecom Holdings, Inc.</b><br>Floating Rate Note, 6.794%, maturing<br>February 15, 2011       | B1                       | B              | 3,112,500         |

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|            |   |     |     |            |
|------------|---|-----|-----|------------|
| 3,000,000  | <b>Triton PCS, Inc.</b><br>Term Loan, 5.870%, maturing<br>November 18, 2009                     | B2  | BB+ | 3,046,407  |
| 10,000,000 | <b>Valor Telecommunications, LLC</b><br>Term Loan, 4.598%-6.500%, maturing<br>February 28, 2012 | Ba3 | BB- | 10,177,080 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                                | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|--|--|--------------------------|----------------|-------------------|
|  |  | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Other Telecommunications: (continued)</i>           |  |                          |                |                   |
| \$ 1,745,395   | <b>Witel Communications Group, LLC</b><br>Term Loan, 5.900%-6.060%, maturing<br>October 01, 2009 | B2                       | B-             | \$ 1,729,032      |
| 750,000  | <b>Witel Communications Group, LLC</b><br>Term Loan, 8.374%, maturing<br>January 01, 2010        | Caa1                     | CCC+           | 712,969           |
|  |  |                          |                | <b>55,470,379</b> |
| <i>Personal and Nondurable Consumer Products: 4.0%</i> |  |                          |                |                   |
| 2,985,000  | <b>Amscan Holdings, Inc.</b><br>Term Loan, 5.290%-7.250%, maturing<br>April 30, 2012             | B1                       | B+             | 3,003,656         |
| 5,159,190  | <b>Church &amp; Dwight Company, Inc.</b><br>Term Loan, 4.400%, maturing May 30, 2011             | Ba2                      | BB             | 5,235,505         |
| 8,750,000  | <b>Jarden Corporation</b><br>Term Loan, 4.650%, maturing<br>January 24, 2012                     | B1                       | B+             | 8,894,007         |
| 7,438,733 (3)  | <b>Norwood Promotional Products Holdings, Inc.</b><br>Term Loan, maturing August 16, 2011        | NR                       | NR             | 3,440,414         |
| 12,642,847   | <b>Norwood Promotional Products, Inc.</b><br>Term Loan, maturing 9.000%,<br>August 16, 2009      | NR                       | NR             | 12,310,972        |
| 1,975,050  | <b>Prestige Brands Holdings, Inc.</b><br>Term Loan, maturing 5.380%-6.750%,<br>April 06, 2011    | B1                       | B+             | 2,007,556         |
| 8,000,000  | <b>Rayovac Corporation</b><br>Term Loan, 4.590%-4.770%, maturing<br>February 06, 2012            | B1                       | B+             | 8,161,248         |
|  |  |                          |                | <b>43,053,358</b> |
| <i>Personal, Food and Miscellaneous: 4.0%</i>          |  |                          |                |                   |
| 1,021,278  | <b>AFC Enterprises, Inc.</b><br>Term Loan, 7.750%, maturing May 23, 2009                         | B1                       | B              | 1,029,257         |
| 2,420,348  | <b>Alderwoods Group, Inc.</b><br>Term Loan, 4.060%-5.080%, maturing<br>September 29, 2009        | B1                       | BB-            | 2,464,216         |
| 1,961,905  | <b>Allied Security Holdings, LLC</b><br>Term Loan, 6.810%, maturing<br>June 30, 2010             | B2                       | B+             | 1,996,238         |
| 2,500,000  | <b>Carrols Corporation</b><br>Term Loan, 5.063%, maturing<br>December 31, 2010                   | B1                       | B+             | 2,545,832         |
| 1,000,000  | <b>Central Garden &amp; Pet Company</b><br>Term Loan, 4.340%-4.420%, maturing<br>May 15, 2009    | Ba2                      | BB+            | 1,007,500         |
|  | <b>Coinmach Corporation</b>  | B2                       | B              |                   |

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|           |  |     |     |           |
|-----------|--|-----|-----|-----------|
| 4,850,000 | Term Loan, 5.563%-5.688%, maturing<br>July 25, 2009<br><b>Coinstar, Inc.</b>       | Ba3 | BB- | 4,916,688 |
| 2,702,086 | Term Loan, 4.840%, maturing July 07, 2011<br><b>Culligan International Company</b> | B1  | B+  | 2,749,372 |
| 2,500,000 | Term Loan, 5.090%, maturing<br>September 30, 2011                                  |     |     | 2,542,708 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                              | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|--|--|--------------------------|----------------|-------------------|
|  |  | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Personal, Food and Miscellaneous: (continued)</i> |  |                          |                |                   |
| \$ 3,000,000   | <b>Del Laboratories, Inc.</b><br>Term Loan, 4.840%-5.210%, maturing<br>July 25, 2011                     | B1                       | B              | \$ 3,041,250      |
| 7,209,566  | <b>Domino's, Inc.</b><br>Term Loan, 4.313%, maturing<br>June 25, 2010                                    | Ba3                      | B+             | 7,328,221         |
| 5,452,462  | <b>Jack In The Box, Inc.</b><br>Term Loan, 4.420%-5.190%, maturing<br>January 09, 2011                   | Ba2                      | BB             | 5,532,548         |
| 2,000,000  | <b>Landry's Restaurants, Inc.</b><br>Term Loan, 4.420%-4.530%, maturing<br>December 28, 2010             | Ba2                      | BB-            | 2,031,250         |
| 2,000,000  | <b>MD Beauty, Inc.</b><br>Term Loan, 7.750%, maturing<br>February 18, 2012                               | B2                       | B              | 2,025,000         |
| 1,666,667  | <b>N.E.W. Customer Services Companies, Inc.</b><br>Term Loan, 6.000%-6.250%, maturing<br>August 01, 2009 | B1                       | B+             | 1,683,334         |
| 2,000,000  | <b>Oreck Corporation</b><br>Term Loan, 5.340%, maturing<br>January 27, 2012                              | B1                       | B+             | 2,033,750         |
|  |  |                          |                | <b>42,927,164</b> |
| <i>Printing and Publishing: 15.2%</i>                |  |                          |                |                   |
| 4,975,000  | <b>Adams Outdoor Advertising, L.P.</b><br>Term Loan, 4.920%, maturing<br>October 15, 2011                | B1                       | B+             | 5,061,028         |
| 9,000,000  | <b>Advertising Directory Solutions, Inc.</b><br>Term Loan, 4.720%, maturing<br>November 09, 2011         | B1                       | BB-            | 9,131,247         |
| 2,000,000  | <b>Advertising Directory Solutions, Inc.</b><br>Term Loan, 6.470%, maturing<br>May 09, 2012              | B3                       | B-             | 2,060,834         |
| 932,082  | <b>American Achievement Corporation</b><br>Term Loan, 5.230%-7.000%, maturing<br>March 25, 2011          | B1                       | B+             | 947,228           |
| 949,029  | <b>American Media Operations, Inc.</b><br>Term Loan, 5.313%, maturing April 01, 2007                     | Ba3                      | B+             | 964,748           |
| 4,379,910  | <b>American Media Operations, Inc.</b><br>Term Loan, 5.313%, maturing April 01, 2007                     |                          |                | 4,451,084         |
| 2,145,000  | <b>American Reprographics Company</b><br>Term Loan, 5.260%, maturing June 18, 2009                       | B1                       | BB             | 2,171,813         |
| 700,000  | <b>American Reprographics Company</b><br>Term Loan, 9.465%, maturing<br>December 18, 2009                | B3                       | B              | 745,500           |
| 6,660,474  | <b>Canwest Media, Inc.</b><br>Term Loan, 5.044%, maturing  | Ba3                      | B+             |                   |

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|           |                                    |     |     |           |
|-----------|------------------------------------|-----|-----|-----------|
|           | August 15, 2009                    |     |     | 6,760,381 |
|           | <b>Dex Media East, LLC</b>         | Ba2 | BB- |           |
| 6,271,583 | Term Loan, 4.340%-4.750%, maturing |     |     |           |
|           | November 08, 2008                  |     |     | 6,358,689 |
| 3,662,972 | Term Loan, 4.340%-4.750%, maturing |     |     |           |
|           | May 08, 2009                       |     |     | 3,716,876 |

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i><br><i>Printing and Publishing: (continued)</i> | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i> |
|--|---|--------------------------|----------------|--------------|
|  |   | <i>Moody's</i>           | <i>S&amp;P</i> |              |
| \$ 3,564,427   | <b>Dex Media West, LLC</b><br>Term Loan, 4.590%-5.000%, maturing<br>September 09, 2009    | Ba2                      | BB-            | \$ 3,615,170 |
| 18,157,308   | Term Loan, 4.340%-4.750%, maturing<br>March 09, 2010                                      |                          |                | 18,432,754   |
| 3,000,000  | <b>Enterprise Newsmedia, LLC</b><br>Term Loan, 5.680%, maturing July 20, 2012             | B2                       | B              | 3,058,125    |
| 12,000,000   | <b>Freedom Communications, Inc.</b><br>Term Loan, 4.150%-4.590%, maturing<br>May 18, 2012 | Ba3                      | BB             | 12,199,500   |
| 1,500,000  | <b>IWCO Direct, Inc.</b><br>Term Loan, 7.750%, maturing<br>January 31, 2011               | B1                       | B              | 1,518,750    |
| 9,700,000  | <b>Jostens, Inc.</b><br>Term Loan, 4.809%, maturing<br>October 04, 2011                   | B1                       | B+             | 9,857,625    |
| 5,368,811  | <b>Journal Register Company</b><br>Term Loan, 3.760%-4.230%, maturing<br>August 12, 2012  | Ba2                      | BB+            | 5,410,758    |
| 12,370,370   | <b>Lamar Media Corporation</b><br>Term Loan, 4.500%-4.563%, maturing<br>June 30, 2010     | Ba2                      | BB-            | 12,534,661   |
| 3,500,000  | <b>MC Communications, LLC</b><br>Term Loan, 7.010%-7.580%, maturing<br>December 31, 2010  | B2                       | B              | 3,526,250    |
| 2,144,009  | <b>Merrill Communications, LLC</b><br>Term Loan, 5.059%, maturing July 30, 2009           | B1                       | B              | 2,174,160    |
| 838,832  | Term Loan, 5.078%, maturing July 30, 2009   |                          |                | 850,628      |
| 2,500,000  | <b>Newspaper Holdings, Inc.</b><br>Term Loan, 4.313%, maturing<br>August 24, 2011         | NR                       | NR             | 2,503,125    |
| 485,305  | <b>Primedia Inc.</b><br>Revolver, 4.625%-4.750%, maturing<br>June 30, 2008                | B3                       | B              | 474,386      |
| 7,117,339  | Term Loan, 5.375%, maturing June 30, 2009   |                          |                | 7,125,125    |
| 1,492,500  | Term Loan, 6.875%, maturing<br>December 31, 2009  |                          |                | 1,524,216    |
| 1,174,314  | <b>R.H. Donnelley, Inc.</b><br>Term Loan, 4.190%-4.500%, maturing<br>December 31, 2009    | Ba3                      | BB             | 1,188,574    |
| 11,799,033   | Term Loan, 4.190%-4.360%, maturing<br>June 30, 2011                                       |                          |                | 11,991,439   |
| 1,627,701  | <b>Reader's Digest Associations, Inc.</b><br>Term Loan, 4.550%, maturing May 20, 2008     | Ba1                      | BB             | 1,650,846    |
|  | <b>Source Media, Inc.</b>   | B1                       | B              |              |

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|           |   |    |    |           |
|-----------|---|----|----|-----------|
| 3,750,000 | Term Loan, 4.690%, maturing<br>November 08, 2011        |    |    | 3,801,562 |
|           | <b>Transwestern Publishing Company</b>                  | B1 | B+ |           |
| 5,817,500 | Term Loan, 3.938%-6.500%, maturing<br>February 25, 2011 |    |    | 5,845,377 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                     | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>       |
|---|--|--------------------------|----------------|--------------------|
|   |  | <i>Moody's</i>           | <i>S&amp;P</i> |                    |
| <i>Printing and Publishing: (continued)</i> |  |                          |                |                    |
| \$ 3,970,006                                | <b>Transwestern Publishing Company</b><br>Term Loan, 6.670%-7.078%, maturing<br>February 25, 2012    | B3                       | B-             | \$ 4,016,324       |
| 8,681,443                                   | <b>Ziff Davis Media, Inc.</b><br>Term Loan, 7.080%, maturing<br>March 31, 2007                       | B3                       | CCC            | 8,722,141          |
|   |  |                          |                | <b>164,390,924</b> |
| <i>Radio and TV Broadcasting: 7.6%</i>      |  |                          |                |                    |
| 2,782,440                                   | <b>Block Communications, Inc.</b><br>Term Loan, 5.310%, maturing<br>November 15, 2009                | Ba2                      | BB-            | 2,808,525          |
| 1,850,000                                   | <b>Cumulus Media, Inc.</b><br>Term Loan, 4.500%, maturing<br>March 28, 2009                          | Ba3                      | B+             | 1,871,392          |
| 3,482,500                                   | Term Loan, 4.500%, maturing<br>March 28, 2010  |                          |                | 3,536,190          |
| 9,975,000                                   | <b>Emmis Operating Company</b><br>Term Loan, 4.340%, maturing<br>November 10, 2011                   | Ba2                      | B+             | 10,116,056         |
| 750,000                                     | <b>Entravision Communications Corporation</b><br>Term Loan, 4.310%, maturing<br>February 24, 2012    | B1                       | B+             | 761,563            |
| 2,500,000                                   | Term Loan, 4.310%, maturing<br>February 24, 2012   |                          |                | 2,538,542          |
| 6,000,000                                   | <b>Gray Television, Inc.</b><br>Term Loan, 4.300%-4.310%, maturing<br>June 30, 2011                  | Ba2                      | B+             | 6,085,002          |
| 1,788,571                                   | <b>LIN Television Corporation</b><br>Term Loan, 4.560%, maturing<br>December 31, 2007                | Ba1                      | BB             | 1,806,681          |
| 3,379,572                                   | <b>Mission Broadcasting, Inc.</b><br>Term Loan, 4.310%, maturing<br>December 31, 2010                | Ba3                      | B+             | 3,408,089          |
| 2,000,000                                   | <b>NEP Supershooters, L.P.</b><br>Term Loan, 7.750%, maturing<br>February 03, 2011                   | B1                       | B              | 2,041,250          |
| 2,992,500                                   | Term Loan, 6.560%, maturing<br>February 03, 2011   |                          |                | 3,056,091          |
| 1,845,425                                   | <b>Nexstar Broadcasting, Inc.</b><br>Term Loan, 4.310%, maturing<br>December 31, 2010                | Ba3                      | B+             | 1,860,996          |
| 18,000,000                                  | <b>Paxson Communications Corporation</b><br>Floating Rate Note, 5.410%, maturing<br>January 15, 2010 | B1                       | B-             | 18,405,000         |
|   | <b>Raycom Media, Inc.</b>  | NR                       | NR             |                    |

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|           |  |     |    |           |
|-----------|--|-----|----|-----------|
| 4,750,000 | Term Loan, 4.563%, maturing<br>March 31, 2012    |     |    | 4,809,375 |
|           | <b>Sinclair Broadcast Group, Inc.</b>            | Ba2 | BB |           |
| 3,000,000 | Term Loan, 4.420%, maturing<br>June 30, 2009     |     |    | 3,014,064 |
| 5,000,000 | Term Loan, 4.420%, maturing<br>December 31, 2009 |     |    | 5,046,875 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                       | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|---|--------------------------|----------------|-------------------|
|   |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Radio and TV Broadcasting: (continued)</i> |   |                          |                |                   |
| \$ 1,980,000                                  | <b>Spanish Broadcasting Systems, Inc.</b><br>Term Loan, 5.920%, maturing<br>October 30, 2009          | B1                       | B+             | \$ 2,009,700      |
| 7,000,000                                     | <b>Susquehanna Media Company</b><br>Term Loan, 4.070%-4.670%, maturing<br>March 31, 2012              | Ba2                      | BB-            | 7,120,316         |
| 1,840,000                                     | <b>Teleicentro Of Puerto Rico, LLC</b><br>Term Loan, 4.230%, maturing<br>December 31, 2007            | Ba1                      | BB             | 1,858,630         |
|   |   |                          |                | <b>82,154,337</b> |
| <i>Retail Stores: 6.5%</i>                    |   |                          |                |                   |
| 2,555,297                                     | <b>Advance Stores Company, Inc.</b><br>Term Loan, 4.313%-4.375%, maturing<br>September 30, 2010       | Ba2                      | BB+            | 2,594,426         |
| 4,334,004                                     | Term Loan, 4.250%-4.375%, maturing<br>September 30, 2010  |                          |                | 4,400,371         |
| 1,212,245                                     | <b>Alimentation Couche-Tard, Inc.</b><br>Term Loan, 4.375%-4.438%, maturing<br>December 17, 2010      | Ba2                      | BB             | 1,231,186         |
| 1,177,500                                     | <b>Baker &amp; Taylor, Inc.</b><br>Revolver, 3.908%-8.250%, maturing<br>May 06, 2009                  | B1                       | B              | 1,165,725         |
| 1,000,000                                     | Term Loan, 9.350%, maturing May 06, 2011  |                          |                | 1,008,750         |
| 11,000,000                                    | <b>Blockbuster Entertainment Corporation</b><br>Term Loan, 5.040%-5.580%, maturing<br>August 19, 2011 | Ba2                      | BB             | 11,062,854        |
| 2,479,975                                     | <b>CSK Automotive, Inc.</b><br>Term Loan, 4.850%, maturing June 19, 2009                              | Ba3                      | B+             | 2,507,875         |
| 3,500,000                                     | <b>Dollarama Group, L.P.</b><br>Term Loan, 5.020%, maturing<br>November 18, 2011                      | B1                       | B+             | 3,557,970         |
| 1,995,000                                     | <b>Harbor Freight Tools, Inc.</b><br>Term Loan, 4.750%-4.910%, maturing<br>July 15, 2010              | B1                       | B+             | 2,010,711         |
| 4,987,500                                     | Term Loan, 4.750%-4.910%, maturing<br>July 15, 2010   |                          |                | 5,026,777         |
| 9,950,000                                     | <b>Jean Coutu Group, Inc.</b><br>Term Loan, 5.000%, maturing July 30, 2011                            | B1                       | BB             | 10,138,891        |
| 2,481,250                                     | <b>Nebraska Book Company, Inc.</b><br>Term Loan, 4.670%, maturing<br>March 04, 2011                   | B2                       | B              | 2,520,019         |
| 2,790,810                                     | <b>Oriental Trading Company, Inc.</b><br>Term Loan, 7.250%, maturing<br>August 06, 2010               | B1                       | B+             | 2,805,928         |
|   | <b>Oriental Trading Company, Inc.</b>   | B3                       | B-             |                   |

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|           |   |    |    |           |
|-----------|---|----|----|-----------|
| 1,000,000 | Term Loan, 9.000%, maturing<br>January 08, 2011 |    |    | 1,017,708 |
|           | <b>Pantry, Inc.</b>                             | B1 | B+ |           |
| 8,165,217 | Term Loan, 4.920%, maturing<br>March 12, 2011   |    |    | 8,305,561 |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                   |     | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>      |
|---|-----|---|--------------------------|----------------|-------------------|
|   |     |   | <i>Moody's</i>           | <i>S&amp;P</i> |                   |
| <i>Retail Stores: (continued)</i>         |     |   |                          |                |                   |
| \$ 1,990,000                              |     | <b>Rite Aid Corporation</b><br>Term Loan, 4.340%-4.420%, maturing August 31, 2009             | NR                       | NR             | \$ 2,009,279      |
| 9,000,000                                 |     | <b>Travelcenters Of America, Inc.</b><br>Term Loan, 4.150%-4.380%, maturing November 18, 2011 | Ba3                      | BB             | 9,106,875         |
|   |     |   |                          |                | <b>70,470,906</b> |
| <i>Satellite: 1.1%</i>                    |     |   |                          |                |                   |
| 11,909,639                                |     | <b>Panamsat Corporation</b><br>Term Loan, 5.340%, maturing August 20, 2011                    | B1                       | BB+            | 12,111,757        |
|   |     |   |                          |                | <b>12,111,757</b> |
| <i>Telecommunications Equipment: 3.3%</i> |     |   |                          |                |                   |
| 4,000,000                                 |     | <b>AAT Communications Corporation</b><br>Term Loan, 5.250%-5.260%, maturing January 16, 2012  | B1                       | B-             | 4,071,252         |
| 9,950,000                                 |     | <b>American Tower, L.P.</b><br>Term Loan, 4.190%-4.230%, maturing August 31, 2011             | Ba3                      | B              | 10,095,360        |
| 7,213,750                                 |     | <b>SBA Senior Finance, Inc.</b><br>Term Loan, 4.810%-5.520%, maturing October 31, 2008        | B1                       | CCC+           | 7,327,965         |
| 10,000,000                                |     | <b>Spectrasite Communications, Inc.</b><br>Term Loan, 4.030%, maturing May 19, 2012           | Ba3                      | BB-            | 10,111,460        |
| 3,500,000                                 | (5) | <b>Syniverse Holding, LLC</b><br>Term Loan, maturing February 15, 2012                        | Ba3                      | BB-            | 3,543,750         |
|   |     |   |                          |                | <b>35,149,787</b> |
| <i>Textiles and Leather: 0.9%</i>         |     |   |                          |                |                   |
| 2,635,958                                 | (2) | <b>Galey &amp; Lord, Inc.</b><br>Term Loan, maturing September 05, 2009                       | NR                       | NR             | 738,068           |
| 2,573,615                                 | (3) | <b>Malden Mills Industries, Inc.</b><br>Term Loan, maturing October 01, 2008                  | NR                       | NR             | 674,287           |
| 735,319                                   | (3) | Term Loan, maturing October 01, 2008  |                          |                |                   |
| 2,815,000                                 |     | <b>Polymer Group, Inc.</b><br>Term Loan, 5.780%, maturing April 27, 2010                      | B2                       | B+             | 2,855,466         |
| 1,500,000                                 |     | <b>Propex Fabrics, Inc.</b><br>Term Loan, 5.040%, maturing November 30, 2011                  | B3                       | B+             | 1,509,375         |
| 3,000,000                                 |     | <b>Springs Industries, Inc.</b><br>Term Loan, 5.313%, maturing December 24, 2010              | Ba3                      | BB+            | 3,050,625         |
| 1,175,044                                 |     | <b>William Carter Company</b><br>Term Loan, 4.810%-5.025%, maturing September 30, 2008        | Ba3                      | BB+            | 1,192,669         |

*Utilities: 7.8%*

12,656,413

**Allegheny Energy Supply Company**  
Term Loan, 4.510%-5.150%, maturing  
March 08, 2011

Ba3

BB-

**10,020,490**

12,931,690

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i> | <i>Borrower/Tranche Description</i>   | <i>Bank Loan Ratings</i> |                | <i>Value</i>         |
|-------------------------|---|--------------------------|----------------|----------------------|
|                         |   | <i>Moody's</i>           | <i>S&amp;P</i> |                      |
| \$ 14,500,000           | <b>Astoria Energy, LLC</b><br>Term Loan, 6.860%-7.810%, maturing<br>April 15, 2012                  | Ba3                      | B+             | \$ 14,844,375        |
| 975,051                 | <b>Calpine Construction Finance Company, L.P.</b><br>Term Loan, 8.670%, maturing<br>August 26, 2009 | NR                       | B+             | 1,049,703            |
| 2,935,138               | <b>Calpine Corporation</b><br>Term Loan, 8.410%, maturing July 16, 2007                             | B2                       | B              | 2,626,338            |
| 2,500,000               | <b>Calpine Generating Company, LLC</b><br>Term Loan, 6.030%, maturing<br>March 23, 2009             | B1                       | B+             | 2,567,708            |
| 995,000                 | <b>Coletto Creek WLE, L.P.</b><br>Term Loan, 4.920%, maturing June 30, 2011                         | Ba2                      | BB             | 1,017,181            |
| 1,000,000               | <b>Coletto Creek WLE, L.P.</b><br>Term Loan, 6.230%, maturing June 30, 2012                         | Ba3                      | BB-            | 1,022,083            |
| 2,985,000               | <b>Dynegy Holdings, Inc.</b><br>Term Loan, 6.590%, maturing May 27, 2010                            | B2                       | BB-            | 3,040,969            |
| 1,000,000               | <b>Northwestern Corporation</b><br>Term Loan, 4.450%-4.540%, maturing<br>November 01, 2011          | Ba1                      | BB             | 1,016,250            |
| 2,734,375               | <b>NRG Energy, Inc.</b><br>Term Loan, 4.325%, maturing<br>December 24, 2011                         | Ba3                      | BB             | 2,773,682            |
| 3,515,625               | Term Loan, 4.515%, maturing<br>December 24, 2011  |                          |                | 3,567,480            |
| 3,900,000               | <b>Pike Electric, Inc.</b><br>Term Loan, 4.875%, maturing July 01, 2012                             | B1                       | BB-            | 3,969,471            |
| 2,375,000               | Term Loan, 4.875%, maturing<br>December 10, 2012  |                          |                | 2,413,594            |
| 14,000,000              | <b>Reliant Energy Resources Corporation</b><br>Term Loan, 5.068%, maturing April 30, 2010           | B1                       | B+             | 14,231,252           |
| 276,115                 | <b>Riverside Energy Center, LLC</b><br>Term Loan, 6.980%, maturing June 24, 2010                    | Ba3                      | BB-            | 283,018              |
| 2,448,148               | Term Loan, 6.980%, maturing June 24, 2011   |                          |                | 2,509,351            |
| 3,602,833               | Term Loan, 6.980%, maturing June 24, 2011   |                          |                | 3,692,903            |
| 10,615,385              | <b>Texas Genco, LLC</b><br>Term Loan, 4.480%, maturing<br>December 14, 2011                         | Ba2                      | BB             | 10,797,470           |
|                         | <b>Total Senior Loans</b><br><b>(Cost \$1,999,192,802)</b>  |                          |                | <b>84,354,518</b>    |
|                         |   |                          |                | <b>2,017,770,985</b> |

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Principal Amount</i>                         | <i>Borrower/Tranche Description</i>  | <i>Bank Loan Ratings</i> |                | <i>Value</i>     |
|---|--|--------------------------|----------------|------------------|
|   |  | <i>Moody's</i>           | <i>S&amp;P</i> |                  |
| <b><i>Other Corporate Debt: 0.7%</i></b>        |  |                          |                |                  |
| <b><i>Finance: 0.5%</i></b>                     |  |                          |                |                  |
| \$ 5,954,306                                    | <b>Value Asset Management, Inc.</b><br>Senior Subordinated Bridge Note, 13.750%,<br>maturing August 31, 2005 | B3                       | B              | \$ 5,864,991     |
|   |  |                          |                | <b>5,864,991</b> |
| <b><i>Home and Office Furnishings: 0.2%</i></b> |  |                          |                |                  |
| 45,229  | <b>MP Holdings, Inc.</b><br>Subordinated Note, 10.000%, maturing<br>March 14, 2007                           | NR                       | NR             | 42,968           |
| 2,000,000                                       | <b>Sealy Mattress Company</b><br>Unsecured Term Loan, 6.900%, maturing<br>April 05, 2013                     | B2                       | B+             | 2,063,334        |
|   |  |                          |                | <b>2,106,302</b> |
|   | <b>Total Other Corporate Debt</b><br><b>(Cost \$7,998,283)</b>   |                          |                | <b>7,971,293</b> |

### ***Equities and Other Assets: 2.3%***

| <i>Security Description</i>  | <i>Value</i> |
|--|--------------|
| (@) Acterna, LLC (85,722 Common Shares)  | 4,369,250    |
| (@), (R) Acterna, Inc. - Contingent Right  |              |
| (1), (@), (R) Allied Digital Technologies Corporation<br>(Residual<br>Interest in Bankruptcy Estate) | 186,961      |
| (@), (R) AM Cosmetics Corporation (Liquidation<br>Interest)  | 50           |
| (@), (R) Block Vision Holdings Corporation (571 Common Shares)                                       |              |
| (2), (@), (R) Boston Chicken, Inc. (Residual Interest in<br>Boston<br>Chicken Plan Trust)            | 6,044,327    |
| (@), (R) Cedar Chemical (Liquidation Interest)   |              |
| (@), (R) Covenant Care, Inc. (Warrants for 19,000 Common Shares,<br>Expires January 13, 2005)        |              |
| (@), (R) Covenant Care, Inc. (Warrants for 26,901<br>Common<br>Shares, Expires March 31, 2013)       |              |
| (@), (R) Decision One Corporation (350,065 Common<br>Shares)   |              |
| (2), (@), (R) Electro Mechanical Solutions (Residual Interest<br>in                                  |              |

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|               |  |           |
|---------------|--|-----------|
|               | Bankruptcy Estate)   | 1,112     |
| (@), (R)      | Enginen Realty (857 Common Shares)   |           |
| (@), (R)      | Enterprise Profit Solutions (Liquidation Interest)                                     |           |
| (@), (R)      | EquityCo, LLC (Warrants for 28,752 Common Shares)                                      |           |
| (4), (@), (R) | Euro United Corporation (Residual Interest in Bankruptcy Estate)                       | 2,335,366 |
| (@), (R)      | Galey & Lord, Inc. (203,345 Common Shares)   |           |
| (@), (R)      | Gate Gourmet Borrower, LLC (Warrants for 101 Common Shares, Expires December 19, 2012) |           |
| (@), (R)      | Gemini Leasing, Inc. (143,079 common shares)   |           |
| (2), (@), (R) | Grand Union Company (Residual Interest in Bankruptcy Estate)                           | 54,522    |
| (@)           | Hayes Lemmerz International, Inc. (73,835 Common Shares)                               | 561,146   |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Security Description</i>   | <i>Value</i>      |
|---|-------------------|
| (@) Hayes Lemmerz International, Inc. (246 Preferred Shares)  | \$ 1,870          |
| (@), (R) Holmes Group, Inc. (2,303 Common Shares)   | 17,226            |
| (2), (@), (R) Humphreys, Inc. (Residual Interest in Bankruptcy Estate)                              |                   |
| (@), (R) IAP Acquisition Corporation (17,348 Common Shares)   |                   |
| (@), (R) IAP Acquisition Corporation (1,184 Series B Preferred Shares)                              |                   |
| (@), (R) IAP Acquisition Corporation (1,084 Series C Preferred Shares)                              |                   |
| (@), (R) IAP Acquisition Corporation (3,524 Series D Preferred Shares)                              |                   |
| (2), (@), (R) Imperial Home Décor Group, Inc. (300,141 Common Shares)                               | 1                 |
| (2), (@), (R) Imperial Home Décor Group, Inc. (Liquidation Interest)                                |                   |
| (2), (@), (R) Insilco Technologies (Residual Interest in Bankruptcy Estate)                         | 20,586            |
| (@), (R) Intera Group, Inc. (864 Common Shares)   |                   |
| (2), (@), (R) IT Group, Inc. (Residual Interest in Bankruptcy Estate)                               | 87,001            |
| (2), (@), (R) Kevco, Inc. (Residual Interest in Bankruptcy Estate)                                  | 147,443           |
| (2), (@), (R) Lincoln Pulp and Eastern Fine (Residual Interest in Bankruptcy Estate)                |                   |
| (@), (R) London Clubs International (Warrants for 241,499 Common Shares, Expires February 27, 2011) | 437,186           |
| (@), (R) Malden Mills Industries, Inc. (436,865 Common Shares)                                      |                   |
| (@), (R) Malden Mills Industries, Inc. (1,427,661 Preferred Shares)                                 |                   |
| (@) Maxim Crane Works (56,322 Common Shares)  | 1,085,322         |
| (@), (R) Morris Material Handling, Inc. (481,373 Common Shares)                                     | 1,660,737         |
| (@), (R) MP Holdings, Inc. (590 Common Shares)  | 6                 |
| (@), (R) Murray's Discount Auto Stores, Inc. (Escrow Interest)                                      | 40,136            |
| (@), (R) New Piper Aircraft, Inc. (Residual Interest in Litigation Proceeds)                        |                   |
| (@), (R) New World Restaurant Group, Inc. (Warrants for 4,489 Common Shares, Expires June 19, 2006) | 61,589            |
| (@), (R) Norwood Promotional Products, Inc. (72,238 Common Shares)                                  |                   |
| (@), (R) Safelite Glass Corporation (810,050 Common Shares)   | 7,606,369         |
| (@), (R) Safelite Realty Corporation (54,679 Common Shares)   | 300,734           |
| (@), (R) Scientific Games Corporation (18,883 Non-Voting Common Shares)                             | 485,671           |
| (@), (R) Soho Publishing (17,582 Common Shares)   | 176               |
| (@), (R) Targus Group, Inc. (Warrants for 66,824 Common Shares, Expires June 16, 2006)              |                   |
| (1), (@), (R) Transtar Metals (Residual Interest in Bankruptcy Estate)                              |                   |
| (1), (@), (R) TSR Wireless, LLC (Residual Interest in Bankruptcy Estate)                            |                   |
| (2), (@), (R) U.S. Aggregates (Residual Interest in Bankruptcy Estate)                              |                   |
| (2), (@), (R) U.S. Office Products Company (Residual Interest in Bankruptcy Estate)                 |                   |
| <b>Total for Equity and Other Assets</b>  |                   |
| <b>(Cost \$20,719,094)</b>  | <b>25,504,787</b> |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2005 (continued)

| <i>Security Description</i>  |               |           | <i>Value</i>         |
|--|---------------|-----------|----------------------|
| <b>Total Investments</b>   |               |           |                      |
| (Cost \$2,027,910,179) <sup>(6)</sup>                                      | <b>189.4%</b> | <b>\$</b> | <b>2,051,247,065</b> |
| <b>Preferred Shares and Liabilities in Excess of Cash and Other Assets</b> |               |           |                      |
| <b>Net Assets</b>  | <b>(89.4)</b> |           | <b>(968,498,590)</b> |
|  | <b>100.0%</b> | <b>\$</b> | <b>1,082,748,475</b> |

- 
- (@) Non-income producing security
- (R) Restricted security
- \* Senior loans, while exempt from registration under the Security Act of 1933, as amended contain certain restrictions on resale and cannot be sold publicly. These senior loans bear interest (unless otherwise noted) at rates that float periodically at a margin above the London Inter-Bank Offered Rate ( LIBOR ) and other short-term rates. The rates shown are the effective rates as of February 28, 2005.
- NR Not Rated
- Bank Loans rated below Baa3 by Moody's Investor Services, Inc. or BBB- by Standard & Poor's Group are considered to be below investment grade.
- (1) The borrower filed for protection under Chapter 7 of the U.S. Federal bankruptcy code.
- (2) The borrower filed for protection under Chapter 11 of the U.S. Federal bankruptcy code.
- (3) Loan is on non-accrual basis.
- (4) The borrower filed for protection under the Canadian Bankruptcy and Insolvency Act.
- (5) Trade pending settlement. Contract rates do not take effect until settlement date.
- (6) For federal income tax purposes, the cost of investment is \$2,029,900,759 and net unrealized appreciation consists of the following:
- |                               |    |              |
|-------------------------------|----|--------------|
| Gross Unrealized Appreciation | \$ | 42,831,724   |
| Gross Unrealized Depreciation |    | (21,485,418) |
| Net Unrealized Appreciation   | \$ | 21,346,306   |

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

### SHAREHOLDER MEETING INFORMATION (Unaudited)

A special meeting of shareholders of the ING Prime Rate Trust was held June 15, 2004, at the offices of ING Funds, 7337 East Doubletree Ranch Road, Scottsdale, AZ 85258.

A brief description of each matter voted upon as well as the results are outlined below:

#### Matters:

#### ING PRIME RATE TRUST, COMMON SHARES

- To elect nine members of the Board of Trustees to represent the interests of the holders of Common Shares of the Trust until the election and qualifications of their successors.

#### ING PRIME RATE TRUST, PREFERRED SHARES

- To elect two members of the Board of Trustees to represent the interests of the holders of Auction Rate Cumulative Preferred Shares Series M, T, W, TH, and F of the Trust until the election and qualification of their successors.

#### Results:

|          | Proposal              | Shares<br>voted for | Shares voted<br>against or<br>withheld | Shares<br>abstained | Broker<br>non-vote | Total<br>Shares Voted |
|----------|-----------------------|---------------------|--|---------------------|--------------------|-----------------------|
| Common   | Paul S. Doherty       | 117,790,259         | 2,558,077                              |                     |                    | 120,348,336           |
| Shares   | J. Michael Earley     | 117,897,099         | 2,451,237                              |                     |                    | 120,348,336           |
| Trustees | R. Barbara Gitenstein | 117,787,359         | 2,560,977                              |                     |                    | 120,348,336           |
|          | Thomas J. McInerney   | 117,807,436         | 2,540,899                              |                     |                    | 120,348,336           |
|          | David W.C. Putnam     | 117,655,942         | 2,692,393                              |                     |                    | 120,348,336           |



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|           |                      |             |           |             |
|-----------|----------------------|-------------|-----------|-------------|
|           | Blaine E. Rieke      | 117,747,937 | 2,600,399 | 120,348,336 |
|           | John G. Turner       | 117,870,513 | 2,477,823 | 120,348,336 |
|           | Roger B. Vincent     | 117,888,751 | 2,459,585 | 120,348,336 |
|           | Richard A. Wedemeyer | 117,806,444 | 2,541,892 | 120,348,336 |
| Preferred |                      |             |           |             |
| Shares    | Walter H. May        | 17,399      | 47        | 17,446      |
| Trustees  | Jock Patton          | 17,396      | 50        | 17,446      |

## ING Prime Rate Trust

ADDITIONAL INFORMATION (Unaudited)

### SHAREHOLDER INVESTMENT PROGRAM

The Trust offers a Shareholder Investment Program (the Program, formerly known as the Dividend Reinvestment and Cash Purchase Plan) which allows holders of the Trust's common shares a simple way to reinvest dividends and capital gains distributions, if any, in additional common shares of the Trust. The Program also offers holders of the Trust's common shares the ability to make optional cash investments in any amount from \$100 to \$100,000 on a monthly basis.

For dividend reinvestment purposes, DST Systems, Inc. will purchase shares of the Trust on the open market when the market price plus estimated commissions is less than the net asset value on the valuation date. The Trust will issue new shares for dividend reinvestment purchases when the market price plus estimated commissions is equal to or exceeds the net asset value on the valuation date. New shares may be issued at the greater of (i) net asset value or (ii) the market price of the shares during the pricing period, minus a discount of 5%.

For optional cash investments, shares will be purchased on the open market by the DST Systems, Inc. when the market price plus estimated commissions is less than the net asset value on the valuation date. New shares will be issued by the Trust for optional cash investments when the market price plus estimated commissions is equal to or exceeds the net asset value on the valuation date. Such shares will be issued at a discount to market, determined by the Trust, between 0% and 5%.

There is no charge to participate in the Program. Participants may elect to discontinue participation in the Program at any time. Participants will share, on a *pro rata* basis, in the fees or expenses of any shares acquired in the open market.

Participation in the Program is not automatic. If you would like to receive more information about the Program or if you desire to participate, please contact your broker or the Trust's Shareholder Services Department at (800) 992-0180.

### KEY FINANCIAL DATES CALENDAR 2005 DIVIDENDS:

DECLARATION  
DATE

January 31  
February 28  
March 31  
April 29

EX-DIVIDEND  
DATE

February 8  
March 8  
April 7  
May 6

PAYABLE  
DATE

February 23  
March 22  
April 22  
May 23

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|              |             |              |
|--------------|-------------|--------------|
| May 31       | June 8      | June 22      |
| June 30      | July 7      | July 22      |
| July 29      | August 8    | August 22    |
| August 31    | September 8 | September 22 |
| September 30 | October 5   | October 24   |
| October 31   | November 8  | November 22  |
| November 30  | December 8  | December 22  |
| December 20  | December 28 | January 11   |

*Record date will be two business days after each Ex-Dividend Date. These dates are subject to change.*

## ING Prime Rate Trust

ADDITIONAL INFORMATION (Unaudited) (continued)

### STOCK DATA

The Trust's common shares are traded on the New York Stock Exchange (Symbol: PPR). Effective March 1, 2002, the Trust's name changed to ING Prime Rate Trust and its CUSIP number changed to 44977W106. The Trust's NAV and market price are published daily under the Closed-End Funds feature in Barron's, The New York Times, The Wall Street Journal and many other regional and national publications.

### REPURCHASE OF SECURITIES BY CLOSED-END COMPANIES

In accordance with Section 23(c) of the 1940 Act, and Rule 23c-1 under the 1940 Act the Trust may from time to time purchase shares of beneficial interest of the Trust in the open market, in privately negotiated transactions and/or purchase shares to correct erroneous transactions.

### NUMBER OF SHAREHOLDERS

The approximate number of record holders of Common Stock as of February 28, 2005 was 6,869 which does not include approximately 49,014 beneficial owners of shares held in the name of brokers of other nominees.

### PROXY VOTING INFORMATION

A description of the policies and procedures that the Registrant uses to determine how to vote proxies related to portfolio securities is available (1) without charge, upon request, by calling Shareholder Services toll-free at 800-992-0180; (2) on the Registrant's website at [www.ingfunds.com](http://www.ingfunds.com) and (3) on the SEC's website at [www.sec.gov](http://www.sec.gov). Information regarding how the Registrant voted proxies related to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Registrant's website at [www.ingfunds.com](http://www.ingfunds.com) and on the SEC website at [www.sec.gov](http://www.sec.gov).

### QUARTERLY PORTFOLIO HOLDINGS

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The Registrant files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Registrant's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Registrant's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330; and is available upon request from the Registrant by calling Shareholder Services toll-free at 800-992-0180.

## ING Prime Rate Trust

### TAX INFORMATION (Unaudited)

The Trust is required by Subchapter M of the Internal Revenue Code of 1986, as amended, to advise within 60 days of the Trust's fiscal year end (February 28, 2005) as to the federal tax status of distributions received by the Trust's shareholders. Accordingly, the Trust is hereby advising you that the following dividends were paid to Common Shareholders during the fiscal year ended February 28, 2005:

| Type of Dividend | Per Share<br>Amount | Ex-Dividend<br>Date | Payable Date |
|------------------|---------------------|---------------------|--------------|
| Ordinary Income  | \$0.0340            | 3/8/04              | 3/22/04      |
|                  | \$0.0350            | 4/7/04              | 4/22/04      |
|                  | \$0.0340            | 5/6/04              | 5/24/04      |
|                  | \$0.0350            | 6/8/04              | 6/22/04      |
|                  | \$0.0350            | 7/8/04              | 7/22/04      |
|                  | \$0.0360            | 8/6/04              | 8/23/04      |
|                  | \$0.0360            | 9/8/04              | 9/22/04      |
|                  | \$0.0350            | 10/6/04             | 10/22/04     |
|                  | \$0.0370            | 11/8/04             | 11/22/04     |
|                  | \$0.0360            | 12/8/04             | 12/22/04     |
|                  | \$0.0360            | 12/29/04            | 1/12/05      |
|                  | \$0.0360            | 2/8/05              | 2/23/05      |
|                  | <b>Total</b>        | <b>\$0.4250</b>     |              |

The Trust is hereby advising you that the following dividends were paid to Preferred Shareholders during the fiscal year ended February 28, 2005:

| Preferred Shares | Type of Dividend | Total<br>Per Share<br>Amount | Auction<br>Dates     | Record<br>Dates      | Payable<br>Dates     |
|------------------|------------------|------------------------------|----------------------|----------------------|----------------------|
| Series M         | Ordinary Income  | \$430.34                     | 03/01/04 to 02/28/05 | 03/08/04 to 03/07/05 | 03/09/04 to 03/08/05 |
| Series T         | Ordinary Income  | \$434.17                     | 03/02/04 to 03/01/05 | 03/09/04 to 03/08/05 | 03/10/04 to 03/09/05 |
| Series W         | Ordinary Income  | \$424.55                     | 03/03/04 to 02/23/05 | 03/10/04 to 03/02/05 | 03/11/04 to 03/03/05 |
| Series Th        | Ordinary Income  | \$426.67                     | 03/04/04 to 02/24/05 | 03/11/04 to 03/03/05 | 03/12/04 to 03/04/05 |
| Series F         | Ordinary Income  | \$428.20                     | 03/05/04 to 02/25/05 | 03/12/04 to 03/04/05 | 03/15/04 to 03/07/05 |

Of the ordinary distributions made during the year ended February 28, 2005, 0.20% qualify for the dividends received deduction available to corporate shareholders.

For the year ended February 28, 2005, 0.20% of net investment income dividends paid by the Trust are designated as qualifying dividend income subject to reduced income tax rates for individuals.

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Above figures may differ from those cited elsewhere in this report due to differences in the calculation of income and gains under accounting principles generally accepted in the United States of America (book) purposes and Internal Revenue Service (tax) purposes.

Shareholders are strongly advised to consult their own tax advisers with respect to the tax consequences of their investments in the Trust. In January 2005, shareholders, excluding corporate shareholders, received an IRS 1099-DIV regarding the federal tax status of the dividends and distributions they received in calendar year 2004.

## ING Prime Rate Trust

### TRUSTEE AND OFFICER INFORMATION (Unaudited)

The business and affairs of the Trust are managed under the direction of the Trust's Board of Trustees. A Trustee who is not an interested person of the Trusts, as defined in the 1940 Act, is an independent trustee ( Independent Trustee ). The Trustees and Officers of the Trust are listed below. The Statement of Additional Information includes additional information about trustees of the Registrant and is available, without charge, upon request at 1-800-992-0180.

| <u>Name, Address and Age</u>  | <u>Position(s) Held with Trust</u> | <u>Term of Office and Length of Time Served(1)</u> | <u>Principal Occupation(s) During the Past Five Years</u>   | <u>Number of Portfolios in Fund Complex Overseen by Trustee</u> | <u>Other Directorships Held by Trustee</u>  |
|---|------------------------------------|--|---|---|---|
| <b>Independent Trustees:</b>  |                                    |  |   |   |   |
| John V. Boyer <sup>(3)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1953         | Trustee                            | January<br>2005 - Present                          | Executive Director, The Mark Twain House Museum <sup>(2)</sup> (September 1989 - Present).  | 143   | None  |
| J. Michael Earley <sup>(4)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1945     | Trustee                            | February<br>2002 - Present                         | President and Chief Executive Officer, Bankers Trust Company, N.A. (June 1992 - Present).   | 143   | None  |
| R. Barbara Gitenstein <sup>(3)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1948 | Trustee                            | February<br>2002 - Present                         | President, College of New Jersey (January 1999 - Present).  | 143   | New Jersey Resources (September 2003 - Present).  |
| Patrick W. Kenny <sup>(4)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1943      | Trustee                            | January<br>2005 - Present                          | President and Chief Executive Officer International Society (June 2001 - Present). Formerly Executive Vice President, Frontier Insurance Group, Inc. (September 1998 - March 2001). | 143   | Assured Guaranty Ltd. (November 2003 - Present).  |
| Walter H. May <sup>(3)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1936         | Trustee                            | November<br>1999 - Present                         | Retired.  | 143   | BestPrep (September 1991 - Present).  |
| Jock Patton <sup>(3)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1945           | Trustee                            | August<br>1995 - Present                           | Private Investor (June 1997 - Present). Formerly Director and Chief Executive Officer, Rainbow Multimedia Group, Inc. (January 1999 - December 2001).                               | 143   | JDA Software Group, Inc. (January 1999 - Present); Swift Transportation Co. (March 2004 - Present). |
| David W.C. Putnam <sup>(4)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258                   | Trustee                            | November<br>1999 - Present                         | President and Director, F.L. Putnam Securities Company, Inc. and its  | 143   | Progressive Capital Accumulation Trust (August 1998 - Present);                                     |



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|   |                |                                    |  |            |  |
|---|----------------|------------------------------------|--|------------|--|
| <p>Born: 1939</p>   |                |                                    | <p>affiliates; President, Secretary and Trustee, The Principled Equity Market Fund. Formerly, Trustee Realty Corp.; Anchor Investment Trust; Bow Ridge Mining.</p>                   |            | <p>Principled Equity Market Fund (November 1996 - Present); Mercy Endowment Foundation (1995 - Present); Director, F.L. Putnam Investment Management Company (December 2001 - Present); Asian American Bank and Trust Company (June 1992 - Present); Notre Dame Health Care Center (1991 - Present); and F.L. Putnam Securities Company, Inc. (June 1998 - Present).</p> |
| <p>Roger B. Vincent<sup>(4)</sup><br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1945</p>     | <p>Trustee</p> | <p>February<br/>2002 - Present</p> | <p>President, Springwell Corporation (March 1989 - Present).</p>   | <p>143</p> | <p>Director, AmeriGas Propane, Inc. (January 1998 - Present).</p>  |
| <p>Richard A. Wedemeyer<sup>(3)</sup><br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1936</p> | <p>Trustee</p> | <p>February<br/>2001 - Present</p> | <p>Retired. Formerly, Vice President - Finance and Administration, The Channel Corporation (June 1996 - April 2002). Trustee of First Choice Funds (February 1997 - April 2001).</p> | <p>143</p> | <p>None</p>  |

## ING Prime Rate Trust

### TRUSTEE AND OFFICER INFORMATION (Unaudited) (continued)

| <u>Name, Address<br/>and Age</u>  | <u>Position(s)<br/>Held with<br/>Trust</u> | <u>Term of Office<br/>and Length of<br/>Time Served(1)</u> | <u>Principal<br/>Occupation(s)<br/>During the<br/>Past Five Years</u>  | <u>Number of<br/>Portfolios in<br/>Fund<br/>Complex<br/>Overseen by<br/>Trustee</u> | <u>Other<br/>Directorships<br/>Held by<br/>Trustee</u>   |
|---|--|--|--|---|--|
| <b>Trustees who are Interested Persons :</b><br>Thomas J. McInerney <sup>(5)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1956 | Trustee                                    | February<br>2001 - Present                                 | Chief Executive Officer,<br>ING U.S. Financial<br>Services (September 2001 -<br>Present); Member, ING<br>Americas Executive<br>Committee (2001 -<br>Present); President, Chief<br>Executive Officer and<br>Director of Northern Life<br>Insurance Company<br>(March 2001 -<br>October 2002); ING Aeltus<br>Holding Company, Inc.<br>(2000 - Present), ING<br>Retail Holding Company<br>(1998 - Present), and<br>INGRetirement<br>Holdings, Inc. (1997 -<br>Present). Formerly,<br>President, ING Life<br>Insurance Annuity<br>Company (September 1997<br>- November 2002); General<br>Manager and Chief<br>Executive Officer, ING<br>Worksite Division<br>(December 2000 -<br>October 2001). | 191   | Equitable Life Insurance Co.,<br>Golden American Life<br>Insurance Co., Life Insurance<br>Company of Georgia,<br>Midwestern United Life<br>Insurance Co., ReliaStar Life<br>Insurance Co., Security Life<br>of Denver, Security<br>Connecticut Life Insurance<br>Co., Southland Life<br>Insurance Co., USG Annuity<br>and Life Company, and<br>United Life and Annuity<br>Insurance Co. Inc.;<br>Ameribest Life Insurance<br>Co.; First Life Insurance Co.;<br>and Metro Atlanta Chamber<br>of Commerce (January 2003<br>- Present). |
| John G. Turner <sup>(6)</sup><br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1939  | Trustee                                    | September<br>2000-<br>Present                              | Retired. Formerly, Vice<br>Chairman of ING Americas<br>(September 2000 - January<br>2002); Chairman and Chief<br>Executive Officer of<br>ReliaStar Financial Corp.<br>and ReliaStar Life<br>Insurance Company<br>(July 1993 -<br>September 2000); Director<br>of ReliaStar Life Insurance<br>Company of New York<br>(April 1975 -<br>December 2001); Director<br>of Northern Life Insurance<br>Company (March 1985 -<br>April 2000); Chairman and<br>Trustee of the Northstar  | 143   | Hormel Foods Corporation<br>(March 2000 - Present);<br>ShopKo Stores, Inc.<br>(August 1999 - Present); and<br>Conseco, Inc.<br>(September 2003 - Present).   |

affiliated investment  
companies (May 1993 -  
December 2001).

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- (1) Trustees are elected by shareholders on an annual basis. Trustees serve until their successors are duly elected and qualified, subject to the Board's retirement policy.
  - (2) Shaun Matthews, Senior Vice President of ING Life Insurance and Annuity Company, has held a seat on the board of directors of The Mark Twain House Museum since September 19, 2002. ING Groep N.V. makes non-material, charitable contributions to The Mark Twain House Museum.
  - (3) Valuation and Proxy Voting Committee member.
  - (4) Audit Committee member.
  - (5) Mr. McInerney is an interested person, as defined under the 1940 Act, because of his affiliation with ING Groep N.V., the parent corporation of the Investment Manager, ING Investments, LLC and the Distributor, ING Funds Distributor, LLC.
  - (6) Mr. Turner is an interested person, as defined under the 1940 Act, because of his affiliation with ING Groep N.V., the parent corporation of the Investment Manager, ING Investments, LLC and the Distributor, ING Funds Distributor, LLC.

## ING Prime Rate Trust

### TRUSTEE AND OFFICER INFORMATION (Unaudited) (continued)

| <u>Name, Address<br/>and Age</u>   | <u>Position(s) Held<br/>with the Trust</u>          | <u>Term of Office<br/>and Length of<br/>Time Served(1)</u> | <u>Principal<br/>Occupation(s)<br/>during the<br/>Past Five Years</u>   |
|--|---|--|---|
| <b>Officers:</b>   |   |  |   |
| James M. Hennessy<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1949 | President and Chief<br>Executive Officer            | February 2001 - Present                                    | President and Chief Executive Officer,<br>ING Investments, LLC (December 2000<br>- Present). Formerly, Senior Executive<br>Vice President and Chief Operating<br>Officer, ING Investments, LLC (April<br>1995 - December 2000); and Executive<br>Vice President, ING Investments, LLC<br>(May 1998 - June 2000).  |
|  | Chief Operating Officer                             | July 2000 - Present  |   |
| Michael J. Roland<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1958 | Executive Vice President<br>and Assistant Secretary | February 2002 - Present                                    | Executive Vice President, Chief<br>Financial Officer and Treasurer,<br>(December 2001 - Present) and Chief<br>Compliance Officer (October 2004 -<br>Present), ING Investments, LLC.<br>Formerly, Senior Vice President, ING<br>Investments, LLC (June 1998 -<br>December 2001).   |
|  | Chief Financial Officer                             | August 1998 - April 2005                                   |   |
| Stanley D. Vyner<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1950  | Executive Vice President                            | August 2003 - Present                                      | Executive Vice President, ING<br>Investments, LLC (July 2000 - Present)<br>and Chief Investment Risk Officer<br>(January 2003 - Present). Formerly,<br>Chief Investment Officer of the<br>International Portfolios, ING<br>Investments, LLC (August 2000 -<br>January 2003); and Chief Executive<br>Officer, ING Investments, LLC<br>(August 1996 - August 2000).   |
| Joseph M. O'Connell<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, AZ 85258<br>Born: 1954    | Chief Compliance Officer                            | November 2004 - Present                                    | Chief Compliance Officer of the ING<br>Funds (November 2004 - Present).<br>Formerly, Vice President, Chief Legal<br>Counsel, Chief Compliance Officer and<br>Secretary of Atlas Securities, Inc., Atlas<br>Advisers, Inc. and Atlas Funds<br>(October 2001 - October 2004); and<br>Chief Operating Officer and General<br>Counsel of Matthews International<br>Capital Management LLC and Vice<br>President and Secretary of Matthews<br>International Funds (August 1999 -<br>May 2001). |

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|   |   |   |   |
|---|---|---|---|
| <p>Robert S. Naka<br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1963</p>     | <p>Senior Vice President</p> <p>Assistant Secretary</p> | <p>November 1999 - Present</p> <p>July 1996 - Present</p> | <p>Senior Vice President and Assistant Secretary, ING Funds Services, LLC (October 2001 - Present). Formerly, Senior Vice President, ING Funds Services, LLC (August 1999 - October 2001).</p>  |
| <p>Daniel A. Norman<br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1957</p>   | <p>Senior Vice President</p> <p>Treasurer</p>           | <p>April 1995 - Present</p> <p>June 1997 - Present</p>    | <p>Senior Vice President and Co-Senior Portfolio Manager, ING Investments, LLC and certain of its affiliates (November 1999 - Present). Formerly, Senior Vice President and Portfolio Manager, ING Investments, LLC and certain of its affiliates (April 1995 - November 1999).</p> |
| <p>Jeffrey A. Bakalar<br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1959</p> | <p>Senior Vice President</p>                            | <p>November 1999 - Present</p>                            | <p>Senior Vice President and Senior Investment Manager in the Senior Floating Rate Loan Group (November 1999 - Present), ING Investment Management Co.</p>  |
| <p>Elliot Rosen<br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1953</p>       | <p>Senior Vice President</p>                            | <p>May 2002 - Present</p>                                 | <p>Senior Vice President in the Senior Floating Rate Loan Group of ING Investment Management Co. (February 1999 - Present).</p>   |

## ING Prime Rate Trust

### TRUSTEE AND OFFICER INFORMATION (Unaudited) (continued)

| <u>Name, Address<br/>and Age</u>   | <u>Position(s) Held<br/>with the Trust</u>        | <u>Term of Office<br/>and Length of<br/>Time Served(1)</u> | <u>Principal<br/>Occupation(s)<br/>during the<br/>Past Five Years</u>  |
|--|---|--|--|
| <b>Officers:</b>   |   |  |  |
| William H. Rivoir III<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1951   | Senior Vice President and<br>Assistant Secretary  | February 2001 - Present                                    | Vice President of ING Investment Management Co. (January 2004 - Present). Formerly, Counsel, ING USFS Law Department (January 2003 - December 2003); and Senior Vice President, ING Investments, LLC and certain of its affiliates (June 1998 - December 2002).  |
| Curtis F. Lee<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1954           | Senior Vice President and<br>Chief Credit Officer | February 2001 - Present                                    | Senior Vice President and Chief Credit Officer in the Senior Floating Rate Loan Group of ING Investment Management Co. (January 2001 - Present). Formerly, Vice President and Senior Credit Officer in the Senior Floating Rate Loan Group of ING Investment Management Co. (September 1999 - January 2001). |
| Kimberly A. Anderson<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1964    | Senior Vice President                             | November 2003 - Present                                    | Senior Vice President, ING Investments, LLC (October 2003 - Present). Formerly, Vice President and Assistant Secretary, ING Investments, LLC (October 2001 - October 2003); and Assistant Vice President, ING Funds Services, LLC (November 1999 - January 2001).  |
| Robyn L. Ichilov<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1967        | Vice President                                    | November 1997 - Present                                    | Vice President, ING Funds Services, LLC (October 2001 - Present) and ING Investments, LLC (August 1997 - Present).   |
| Lauren D. Bensinger<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br><br>Born: 1954 | Vice President                                    | August 2003 - Present                                      | Vice President and Chief Compliance Officer, ING Funds Distributor, LLC (July 1995 - Present); and Vice President, ING Investments, LLC (February 1996 - Present). Formerly, Chief Compliance Officer (October 2001 - October 2004), ING Investments, LLC.   |

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|  |                       |                                 |  |
|--|-----------------------|---------------------------------|--|
| <p>Todd Modic<br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1967</p>                | <p>Vice President</p> | <p>August 2003 - Present</p>    | <p>Vice President, Financial Reporting - Fund Accounting, ING Funds Services, LLC (September 2002 - Present). Formerly, Director, Financial Reporting, ING Investments, LLC (March 2001 - September 2002); Director of Financial Reporting, Axient Communications, Inc. (May 2000 - January 2001); and Director of Finance, Rural/Metro Corporation (March 1995 - May 2000).</p> |
| <p>Huey P. Falgout, Jr.<br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/><br/>Born: 1963</p> | <p>Secretary</p>      | <p>August 2003 - Present</p>    | <p>Chief Counsel, ING U.S. Legal Services (September 2003 - Present). Formerly, Counsel, ING U.S. Legal Services (November 2002 - September 2003); and Associate General Counsel of AIG American General (January 1999 - November 2002).</p>   |
| <p>Maria M. Anderson<br/>7337 E. Doubletree Ranch Rd.<br/>Scottsdale, Arizona 85258<br/>Born: 1958</p>         | <p>Vice President</p> | <p>September 2004 - Present</p> | <p>Vice President of ING Funds Services, LLC (September 2004 - Present). Formerly, Assistant Vice President of ING Funds Services, LLC (October 2001 - September 2004); and Manager of Fund Accounting and Fund Compliance, ING Investments, LLC (September 1999 - October 2001).</p>  |

## ING Prime Rate Trust

### TRUSTEE AND OFFICER INFORMATION (Unaudited) (continued)

| <u>Name, Address<br/>and Age</u>   | <u>Position(s) Held<br/>with the Trust</u> | <u>Term of Office<br/>and Length of<br/>Time Served(1)</u> | <u>Principal<br/>Occupation(s)<br/>during the<br/>Past Five Years</u>  |
|--|--|--|--|
| <b>Officers:</b>   |  |  |  |
| Susan P. Kinens<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1976 | Assistant Vice President                   | February 2003 - Present                                    | Assistant Vice President, ING Funds Services, LLC (December 2002 - Present); and has held various other positions with ING Funds Services, LLC for more than the last five years.  |
| Kimberly K. Palmer<br>7337 E. Doubletree Rand Rd.<br>Scottsdale, AZ 85258<br>Born: 1957    | Assistant Vice President                   | September 2004 - Present                                   | Assistant Vice President, ING Funds Services, LLC (August 2004 - Present). Formerly, Manager, Registration Statements, ING Funds Services, LLC (May 2003 - August 2004); Associate Partner, AMVESCAP PLC (October 2000 - May 2003); Director of Federal Filings and Blue Sky Filings, INVESCO Funds Group, Inc. (March 1994 - May 2003). |
| Theresa Kelety<br>7337 E. Doubletree Ranch Rd.<br>Scottsdale, Arizona 85258<br>Born: 1963  | Assistant Secretary                        | August 2003 - Present                                      | Counsel, ING U.S. Legal Services (April 2003 - Present). Formerly, Senior Associate with Shearman & Sterling (February 2000 - April 2003).   |
| Robin R. Nesbitt<br>7337 E. Doubletree Rand Rd.<br>Scottsdale, AZ 85258<br>Born: 1973      | Assistant Secretary                        | September 2004 - Present                                   | Supervisor, Board Operations, ING Funds Services, LLC (August 2003 - Present). Formerly, Senior Legal Analyst, ING Funds Services, LLC (August 2002 - August 2003); Associate, PricewaterhouseCoopers (January 2001 - August 2001); and Paralegal, McManis, Faulkner & Morgan (May 2000 - December 2000).                                |

(1) The officers hold office until the next annual meeting of the Trustees and until their successors have been elected and qualified. Effective April 1, 2005, Todd Modic assumed the role of Chief Financial Officer.



**Investment Manager**

ING Investments, LLC  
7337 E. Doubletree Ranch Road  
Scottsdale, Arizona 85258

**Sub-Adviser**

ING Investment Management Co.  
7337 E. Doubletree Ranch Road  
Scottsdale, Arizona 85258

**Institutional Investors and Analysts**

Call ING Prime Rate Trust  
1-800-336-3436, Extension 2217

**Independent Registered Public**

**Accounting Firm**

KPMG, LLP  
355 South Grand Avenue  
Los Angeles, California 90071

**Written Requests**

Please mail all account inquiries and other comments to:  
ING Prime Rate Trust Account  
c/o ING Fund Services, LLC  
7337 E. Doubletree Ranch Road  
Scottsdale, Arizona 85258

**Toll-Free Shareholder Information**

Call us from 9:00 a.m. to 7:00 p.m. Eastern time on any business day for account or other information, at (800)-992-0180

**Administrator**

ING Fund Services, LLC  
7337 E. Doubletree Ranch Road  
Scottsdale, Arizona 85258  
1-800-992-0180

**Distributor**

ING Funds Distributor, LLC  
7337 E. Doubletree Ranch Road  
Scottsdale, Arizona 85258  
1-800-334-3444

**Transfer Agent**

DST Systems, Inc.  
P.O. Box 219368  
Kansas City, Missouri 64141

**Custodian**

State Street Bank and Trust Company  
801 Pennsylvania Avenue  
Kansas City, Missouri 64105

**Legal Counsel**

Dechert LLP  
1775 I Street, N.W.  
Washington, D.C. 20006

**For more complete information, or to obtain a prospectus on any ING fund, please call your Investment Professional or ING Funds Distributor, LLC at (800) 992-0180 or log on to [www.ingfunds.com](http://www.ingfunds.com). The prospectus should be read carefully before investing. Consider the fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this information and other information about the fund.**



**Item 2. Code of Ethics.**

As of the end of the period covered by this report, Registrant had adopted a code of ethics, as defined in Item 2 of Form N-CSR, that applies to the Registrant's principal executive officer and principal financial officer. There were no amendments to the Code during the period covered by the report. The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code during the period covered by this report. The code of ethics is filed herewith pursuant to Item 10(a)(1), Exhibit 99.CODE ETH.

**Item 3. Audit Committee Financial Expert.**

The Board of Trustees has determined that Patrick W. Kenny is an audit committee financial expert, as defined in Item 3 of Form N-CSR. Mr. Kenny is independent for purposes of Item 3 of Form N-CSR.

**Item 4. Principal Accountant Fees and Services.**

(a) Audit Fees: The aggregate fees billed for each of the last two fiscal years for professional services rendered by KPMG LLP ( KPMG ), the principal accountant for the audit of the registrant's annual financial statements, for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$63,490 for year ended February 28, 2005 and \$72,207 for year ended February 29, 2004.

(b) Audit-Related Fees: The aggregate fees billed in each of the last two fiscal years for assurance and related services by KPMG that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item were \$33,600 for the year ended February 28, 2005 and \$28,100 for the year ended February 29, 2004.

(c) Tax Fees: The aggregate fees billed in each of the last two fiscal years for professional services rendered by KPMG for tax compliance, tax advice, and tax planning were \$20,491 in the year ended February 28, 2005 and \$4,000 in the year ended February 29, 2004. Such services included review of excise distribution calculations (if applicable), preparation of the Funds' federal, state and excise tax returns, tax services related to mergers and routine consulting.

(d) All Other Fees: The aggregate fees billed in each of the last two fiscal years for products and services provided by KPMG, other than the services reported in paragraphs (a) through (c) of this Item were \$3,000 in the year ended February 28, 2005 and \$2,500 in the year ended February 29, 2004.

(e) (1) Audit Committee Pre-Approval Policies and Procedures

**AUDIT AND NON-AUDIT SERVICES  
PRE-APPROVAL POLICY**

**I. Statement of Principles**

Under the Sarbanes-Oxley Act of 2002 (the Act), the Audit Committee of the Board of Directors or Trustees (the Committee) of the ING Funds (each a Fund, collectively, the Funds) set out on Exhibit A to this Audit and Non-Audit Services Pre-Approval Policy (Policy) is responsible for the oversight of the work of the Funds' independent auditors. As part of its responsibilities, the Committee must pre-approve the audit and non-audit services performed by the auditors in order to assure that the provision of these services does not impair the auditors' independence from the Funds. The Committee has adopted, and the Board has ratified, this Policy, which sets out the procedures and conditions under which the services of the independent auditors may be pre-approved.

Under Securities and Exchange Commission (SEC) rules promulgated in accordance with the Act, the Funds may establish two different approaches to pre-approving audit and non-audit services. The Committee may approve services without consideration of specific case-by-case services (general pre-approval) or it may pre-approve specific services (specific pre-approval). The Committee believes that the combination of these approaches contemplated in this Policy results in an effective and efficient method for pre-approving audit and non-audit services to be performed by the Funds' independent auditors. Under this Policy, services that are not of a type that may receive general pre-approval require specific pre-approval by the Committee. Any proposed services that exceed pre-approved cost levels or budgeted amounts will also require the Committee's specific pre-approval.

For both types of approval, the Committee considers whether the subject services are consistent with the SEC's rules on auditor independence and that such services are compatible with maintaining the auditors' independence. The Committee also considers whether a particular audit firm is in the best position to provide effective and efficient services to the Funds. Reasons that the auditors are in the best position include the auditors' familiarity with the Funds' business, personnel, culture, accounting systems, risk profile, and other factors, and whether the services will enhance the Funds' ability to manage and control risk or improve audit quality. Such factors will be considered as a whole, with no one factor being determinative.

The appendices attached to this Policy describe the audit, audit-related, tax-related, and other services that have the Committee's general pre-approval. For any service that has been approved through general pre-approval, the general pre-approval will remain in place for a period 12 months from the date of pre-approval, unless the Committee determines that a different period is appropriate. The Committee will annually review and pre-approve the services that may be provided by the independent auditors without specific pre-approval. The Committee will revise the list of services subject to general pre-approval as appropriate. This Policy does not serve as a delegation to Fund management of the Committee's duty to pre-approve services performed by the Funds' independent auditors.

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## II. Audit Services

The annual audit services engagement terms and fees are subject to the Committee's specific pre-approval. Audit services are those services that are normally provided by auditors in connection with statutory and regulatory filings or engagements or those that generally only independent auditors can reasonably provide. They include the Funds' annual financial statement audit and procedures that the independent auditors must perform in order to form an opinion on the Funds' financial statements (*e.g.*, information systems and procedural reviews and testing). The Committee will monitor the audit services engagement and approve any changes in terms, conditions or fees deemed by the Committee to be necessary or appropriate.

The Committee may grant general pre-approval to other audit services, such as statutory audits and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or issued in connection with securities offerings.

The Committee has pre-approved the audit services listed on Appendix A. The Committee must specifically approve all audit services not listed on Appendix A.

## III. Audit-related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or the review of the Funds' financial statements or are traditionally performed by the independent auditors. The Committee believes that the provision of audit-related services will not impair the independent auditors' independence, and therefore may grant pre-approval to audit-related services. Audit-related services include accounting consultations related to accounting, financial reporting or disclosure matters not classified as audit services; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures relating to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Form N-SAR or Form N-CSR.

The Committee has pre-approved the audit-related services listed on Appendix B. The Committee must specifically approve all audit-related services not listed on Appendix B.

## IV. Tax Services

The Committee believes the independent auditors can provide tax services to the Funds, including tax compliance, tax planning, and tax advice, without compromising the auditors' independence. Therefore, the Committee may grant general pre-approval with respect to tax services historically provided by the Funds' independent auditors that do not, in the Committee's view, impair auditor independence and that are consistent with the SEC's rules on auditor independence.

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The Committee will not grant pre-approval if the independent auditors initially recommends a transaction the sole business purpose of which is tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Committee may consult

outside counsel to determine that tax planning and reporting positions are consistent with this Policy.

The Committee has pre-approved the tax-related services listed on Appendix C. The Committee must specifically approve all tax-related services not listed on Appendix C.

## **V. Other Services**

The Committee believes it may grant approval of non-audit services that are permissible services for independent auditors to a Fund. The Committee has determined to grant general pre-approval to other services that it believes are routine and recurring, do not impair auditor independence, and are consistent with SEC rules on auditor independence.

The Committee has pre-approved the non-audit services listed on Appendix D. The Committee must specifically approve all non-audit services not listed on Appendix D.

A list of the SEC's prohibited non-audit services is attached to this Policy as Appendix E. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these impermissible services and the applicability of exceptions to certain of the SEC's prohibitions.

## **VI. Pre-approval of Fee levels and Budgeted Amounts**

The Committee will annually establish pre-approval fee levels or budgeted amounts for audit, audit-related, tax and non-audit services to be provided to the Funds by the independent auditors. Any proposed services exceeding these levels or amounts require the Committee's specific pre-approval. The Committee considers fees for audit and non-audit services when deciding whether to pre-approve services. The Committee may determine, for a pre-approval period of 12 months, the appropriate ratio between the total amount of fees for the Fund's audit, audit-related, and tax services (including fees for services provided to Fund affiliates that are subject to pre-approval), and the total amount of fees for certain permissible non-audit services for the Fund classified as other services (including any such services provided to Fund affiliates that are subject to pre-approval).

## **VII. Procedures**

Requests or applications for services to be provided by the independent auditors will be submitted to management. If management determines that the services do not fall within those services generally pre-approved by the Committee and set out in the appendices to these procedures, management will submit the services to the Committee or its delagee. Any such submission will include a detailed description of the services to be rendered. Notwithstanding this paragraph, the Committee will, on a quarterly basis, receive from the independent auditors a list of services provided for the previous calendar quarter on a cumulative basis by the auditors during the Pre-Approval Period.





**VIII. Delegation**

The Committee may delegate pre-approval authority to one or more of the Committee's members. Any member or members to whom such pre-approval authority is delegated must report any pre-approval decisions, including any pre-approved services, to the Committee at its next scheduled meeting. The Committee will identify any member to whom pre-approval authority is delegated in writing. The member will retain such authority for a period of 12 months from the date of pre-approval unless the Committee determines that a different period is appropriate. The period of delegated authority may be terminated by the Committee or at the option of the member.

**IX. Additional Requirements**

The Committee will take any measures the Committee deems necessary or appropriate to oversee the work of the independent auditors and to assure the auditors' independence from the Funds. This may include reviewing a formal written statement from the independent auditors delineating all relationships between the auditors and the Funds, consistent with Independence Standards Board No. 1, and discussing with the auditors their methods and procedures for ensuring independence.

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### Appendix A

Pre-Approved Audit Services for the Pre-Approval Period January 1, 2005 through December 31, 2005

#### Service

|  | The Fund(s) | Fee Range  |
|--|-------------|--|
| Statutory audits or financial audits (including tax services associated with audit services)   | ý           | As presented to Audit Committee(1)                   |
| Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings ( <i>e.g.</i> , consents), and assistance in responding to SEC comment letters.  | ý           | Not to exceed \$8,925 per filing                     |
| Consultations by Fund management with respect to accounting or disclosure treatment of transactions or events and/or the actual or potential effect of final or proposed rules, standards or interpretations by the SEC, Financial Accounting Standards Board, or other regulatory or standard setting bodies. | ý           | Not to exceed \$8,000 during the Pre-Approval Period |

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(1) For new Funds launched during the Pre-Approval Period, the fee ranges pre-approved will be the same as those for existing Funds, pro-rated in accordance with inception dates as provided in the auditors' Proposal or any Engagement Letter covering the period at issue. Fees in the Engagement Letter will be controlling.

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Appendix B

Pre-Approved Audit-Related Services for the Pre-Approval Period January 1, 2005 through December 31, 2005

Service

|   | The Fund(s) | Fund Affiliates | Fee Range   |
|---|-------------|-----------------|---|
| Services related to Fund mergers  | ý           | ý               | Not to exceed \$10,000 per merger                                   |
| Consultations by Fund management with respect to accounting or disclosure treatment of transactions or events and/or the actual or potential effect of final or proposed rules, standards or interpretations by the SEC, Financial Accounting Standards Board, or other regulatory or standard setting bodies. [Note: Under SEC rules some consultations may be audit services and others may be audit-related services.] | ý           |                 | Not to exceed \$5,000 per occurrence during the Pre-Approval Period |
| Review of the Funds semi-annual financial statements  | ý           |                 | Not to exceed \$2,000 per set of financial statements per fund      |
| Reports to regulatory or government agencies related to the annual engagement   | ý           |                 | Up to \$5,000 per occurrence during the Pre-Approval Period         |
| Regulatory compliance assistance  | ý           | ý               | Not to exceed \$5,000 per quarter                                   |
| Training courses  | ý           | ý               | Not to exceed \$2,000 per course                                    |
| For Prime Rate Trust, agreed upon procedures for quarterly reports to rating agencies   | ý           |                 | Not to exceed \$9,000 per quarter                                   |

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Appendix C

Pre-Approved Tax Services for the Pre-Approval Period January 1, 2005 through December 31, 2005

Service

|   | <b>The Fund(s)</b> | <b>Fund<br/>Affiliates</b> | <b>Fee Range</b>  |
|---|--------------------|----------------------------|---|
| Preparation of federal and state income tax returns and federal excise tax returns for the Funds including assistance and review with excise tax distributions. | ý                  |                            | As presented to Audit Committee(2)  |
| Review of IRC Sections 851(b) and 817(h) diversification testing on a real-time basis   | ý                  |                            | As presented to Audit Committee(2)  |
| Review of year-end reporting for 1099 s   | ý                  |                            | As presented to Audit Committee(2)  |
| Tax assistance and advice regarding statutory, regulatory or administrative developments  | ý                  | ý                          | Not to exceed \$5,000 for the Funds or for the Funds' investment adviser during the Pre-Approval Period |
| International tax services (e.g., Taiwan and India)   | ý                  |                            | Not to exceed \$5,000 per Fund during the Pre-Approval Period   |

(2) For new Funds launched during the Pre-Approval Period, the fee ranges pre-approved will be the same as those for existing Funds, pro-rated in accordance with inception dates as provided in the auditors' Proposal or any Engagement Letter covering the period at issue. Fees in the Engagement Letter will be controlling.

## Service

|   | <b>The Fund(s)</b> | <b>Fund Affiliates</b> | <b>Fee Range</b>  |
|---|--------------------|------------------------|---|
| Tax training courses  | ý                  | ý                      | Not to exceed \$2,000 per course during the Pre-Approval Period |
| Tax services associated with Fund mergers   | ý                  |                        | Not to exceed \$8,000 per merger during the Pre-Approval Period |
| Tax services related to the preparation of annual PFIC statements and annual Form 5471 (Controlled Foreign Corporation) for structured finance vehicles   | ý                  |                        | Not to exceed \$18,000 during the Pre-Approval Period           |
| Tax services related to CLOs and CBOs   | ý                  |                        | Not to exceed \$15,000 per quarter                              |
| Loan Staff Services   | ý                  | ý                      | Not to exceed \$15,000 during the Pre-Approval Period           |
| Other tax-related assistance and consultation, including, without limitation, assistance in evaluating the tax treatment of swaps, swaptions, mortgage-backed securities and other derivatives. | ý                  |                        | Not to exceed \$120,000 during the Pre-Approval Period          |

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Appendix D

Pre-Approved Other Services for the Pre-Approval Period January 1, 2005 through December 31, 2005

Service

|  | The Fund(s) | Fund Affiliates | Fee Range   |
|--|-------------|-----------------|---|
| Agreed-upon procedures for Class B share 12b-1 programs  |             | ý               | Not to exceed \$50,000 during the Pre-Approval Period         |
| Security counts performed pursuant to Rule 17f-2 of the 1940 Act ( <i>i.e.</i> , counts for Funds holding securities with affiliated sub-custodians) | ý           |                 | Not to exceed \$5,000 per Fund during the Pre-Approval Period |

Appendix E

Prohibited Non-Audit Services

Dated: January 1, 2005

Bookkeeping or other services related to the accounting records or financial statements of the Funds

Financial information systems design and implementation

Appraisal or valuation services, fairness opinions, or contribution-in-kind reports

Actuarial services

Internal audit outsourcing services

Management functions

Human resources

Broker-dealer, investment adviser, or investment banking services

Legal services

Expert services unrelated to the audit



Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

**EXHIBIT A**



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ING INVESTORS TRUST (formerly, THE GCG TRUST)

ING EQUITY TRUST

ING FUNDS TRUST

ING GLOBAL EQUITY DIVIDEND AND PREMIUM INCOME FUND

ING INVESTMENT FUNDS, INC.

ING MAYFLOWER TRUST

ING MUTUAL FUNDS

ING PRIME RATE TRUST

ING SENIOR INCOME FUND

ING VARIABLE INSURANCE TRUST

ING VARIABLE PRODUCTS TRUST

ING VP EMERGING MARKETS FUND, INC.

ING VP NATURAL RESOURCES TRUST

USLICO SERIES FUND

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(e) (2) Percentage of services referred to in 4(b) (4)(d) that were approved by the audit committee

100% of the services were approved by the audit committee.

(f) Percentage of hours expended attributable to work performed by other than full time employees of KPMG if greater than 50%.

Not applicable.

(g) Non-Audit Fees: The non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser, and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant were \$447,821 for year ended February 28, 2005 and \$340,873 for fiscal year ended February 29, 2004.

(h) Principal Accountants Independence: The Registrant's Audit committee has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to Rule 2-01(c)(7)(ii) of Regulation S-X is compatible with maintaining KPMG's independence.

**Item 5. Audit Committee of Listed Registrants.**

a. The registrant has a separately-designated standing audit committee. The members are J. Michael Earley, Patrick W. Kenny, David W.C. Putnam, Roger B. Vincent.

b. Not applicable.

**Item 6. Schedule of Investments**

Schedule is included as part of the report to shareholders filed under Item 1 of this Form.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment companies.**

**ING FUNDS**

**PROXY VOTING PROCEDURES AND GUIDELINES**

**I. INTRODUCTION**

The following are the Proxy Voting Procedures and Guidelines (the Procedures and Guidelines ) of the ING Funds set forth on *Exhibit 1* attached hereto and each portfolio or series thereof (each a Fund and collectively, the Funds ). The purpose of these Procedures and Guidelines is to set forth the process by which each Fund will vote proxies related to the equity assets in its investment portfolio (the portfolio securities ). The Procedures and Guidelines have been approved by the Funds Boards of Trustees/Directors(1) (each a Board and collectively, the Boards ), including a majority of the independent Trustees/Directors(2) of the Board. These Procedures and Guidelines may be amended only by the Board. The Board shall review these Procedures and Guidelines at its discretion, and make any revisions thereto as deemed appropriate by the Board.

**II. VALUATION AND PROXY VOTING COMMITTEE**

The Boards hereby delegate to the Valuation and Proxy Voting Committee of each Board (each a Committee and collectively, the Committees ) the authority and responsibility to oversee the implementation of these Procedures and Guidelines, and where applicable, to make determinations on behalf of the Board with respect to the voting of proxies on behalf of each Fund. Furthermore, the Boards hereby delegate to each Committee the authority to review and approve material changes to proxy voting procedures of any Fund s investment adviser (the Adviser ). The Proxy Voting Procedures of the Adviser (the Adviser Procedures ) are attached hereto as *Exhibit 2*. Any determination regarding the voting of proxies of each Fund that is made by a Committee, or any member thereof, as permitted herein, shall be deemed to be a good faith determination

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(1) Reference in these Procedures to one or more Funds shall, as applicable, mean those Funds that are under the jurisdiction of the particular Board or Valuation and Proxy Voting Committee at issue. No provision in these Procedures is intended to impose any duty upon the particular Board or Valuation and Proxy Voting Committee with respect to any other Fund.

(2) The independent Trustees/Directors are those Board members who are not interested persons of the Funds within the meaning of Section 2(a)(19) of the Investment Company Act of 1940.

Effective Date: 07/10/03

Revision Date: 02/11/05

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regarding the voting of proxies by the full Board. Each Committee may rely on the Adviser through the Agent, Proxy Coordinator and/or Proxy Group (as such terms are defined for purposes of the Adviser Procedures) to deal in the first instance with the application of these Procedures and Guidelines. Each Committee shall conduct itself in accordance with its charter.

### III. DELEGATION OF VOTING AUTHORITY

The Board hereby delegates to the Adviser to each Fund the authority and responsibility to vote all proxies with respect to all portfolio securities of the Fund in accordance with then current proxy voting procedures and guidelines that have been approved by the Board. The Board may revoke such delegation with respect to any proxy or proposal, and assume the responsibility of voting any Fund proxy or proxies as it deems appropriate. Non-material amendments to the Procedures and Guidelines may be approved for immediate implementation by the President or Chief Financial Officer of a Fund, subject to ratification at the next regularly scheduled meeting of the Valuation and Proxy Voting Committee.

When a Fund participates in the lending of its securities and the securities are on loan at record date, proxies related to such securities will not be forwarded to the Adviser by the Fund's custodian and therefore will not be voted.

Funds that are funds-of-funds will echo vote their interests in underlying mutual funds, which may include ING Funds (or portfolios or series thereof) other than those set forth on *Exhibit 1* attached hereto. This means that, if the fund-of-funds must vote on a proposal with respect to an underlying investment company, the fund-of-funds will vote its interest in that underlying fund in the same proportion all other shareholders in the investment company voted their interests.

A fund that is a feeder fund in a master-feeder structure does not echo vote. Rather, it passes votes requested by the underlying master fund to its shareholders. This means that, if the feeder fund is solicited by the master fund, it will request instructions from its own shareholders, either directly or, in the case of an insurance-dedicated Fund, through an insurance product or retirement plan, as to the manner in which to vote its interest in an underlying master fund.

When a Fund is a feeder in a master-feeder structure, proxies for the portfolio securities owned by the master fund will be voted pursuant to the master fund's proxy voting policies and procedures. As such, and except as otherwise noted herein with respect to vote reporting requirements, feeder Funds shall not be subject to these Procedures and Guidelines.

### IV. APPROVAL AND REVIEW OF PROCEDURES

Each Fund's Adviser has adopted proxy voting procedures in connection with the voting



of portfolio securities for the Funds as attached hereto in *Exhibit 2*. The Board hereby approves such procedures. All material changes to the Adviser Procedures must be approved by the Board or the Valuation and Proxy Voting Committee prior to implementation; however, the President or Chief Financial Officer of a Fund may make such non-material changes as they deem appropriate, subject to ratification by the Board or the Valuation and Proxy Voting Committee at its next regularly scheduled meeting.

V. VOTING PROCEDURES AND GUIDELINES



**The Guidelines that are set forth in** *Exhibit 3* hereto specify the manner in which the Funds generally will vote with respect to the proposals discussed therein.

Unless otherwise noted, the defined terms used hereafter shall have the same meaning as defined in the Adviser Procedures

**A. Routine Matters**

The Agent shall be instructed to submit a vote in accordance with the Guidelines where such Guidelines provide a clear For, Against, Withhold or Abstain on a proposal. However, the Agent shall be directed to refer any proxy proposal to the Proxy Coordinator for instructions as if it were a matter requiring case-by-case consideration under circumstances where the application of the Guidelines is unclear, it appears to involve unusual or controversial issues, or an Investment Professional (as such term is defined for purposes of the Adviser Procedures) recommends a vote contrary to the Guidelines.

**B. Matters Requiring Case-by-Case Consideration**

The Agent shall be directed to refer proxy proposals accompanied by its written analysis and voting recommendation to the Proxy Coordinator where the Guidelines have noted case-by-case consideration.

Upon receipt of a referral from the Agent, the Proxy Coordinator may solicit additional research from the Agent, Investment Professional(s), as well as from any other source or service.

The Proxy Coordinator will forward the Agent's analysis and recommendation and/or any research obtained from the Investment Professional(s), the Agent or any other source to the Proxy Group. The Proxy Group may consult with the Agent and/or Investment Professional(s), as it deems necessary.

The Proxy Coordinator shall use best efforts to convene the Proxy Group with respect to all matters requiring its consideration. In the event quorum requirements cannot be timely met in connection with a voting deadline, it shall be the policy of the Funds to vote in accordance with the Agent's

recommendation, unless the Agent's recommendation is deemed to be conflicted as provided for under the Adviser Procedures, in which case no action shall be taken on such matter (*i.e.*, a Non-Vote).

1. **Within-Guidelines Votes:** Votes in Accordance with a Fund's Guidelines and/or, where applicable, Agent Recommendation

In the event the Proxy Group, and where applicable, any Investment Professional participating in the voting process, recommend a vote within Guidelines, the Proxy Group will instruct the Agent, through the Proxy Coordinator, to vote in this manner. No Conflicts Report (as such term is defined for purposes of the Adviser Procedures) is required in connection with Within-Guidelines votes.

2. **Non-Votes:** Votes in Which No Action is Taken

The Proxy Group may recommend that a Fund refrain from voting under the following circumstances: (1) if the economic effect on shareholders' interests or the value of the portfolio holding is indeterminable or insignificant, *e.g.*, proxies in connection with securities no longer held in the portfolio of an ING Fund or proxies being considered on behalf of a Fund that is no longer in existence; or (2) if the cost of voting a proxy outweighs the benefits, *e.g.*, certain international proxies, particularly in cases in which share blocking practices may impose trading restrictions on the relevant portfolio security. In such instances, the Proxy Group may instruct the Agent, through the Proxy Coordinator, not to vote such proxy.

Reasonable efforts shall be made to secure and vote all other proxies for the Funds, but, particularly in markets in which shareholders' rights are limited, Non-Votes may also occur in connection with a Fund's related inability to timely access ballots or other proxy information in connection with its portfolio securities.

Non-Votes may also result in certain cases in which the Agent's recommendation has been deemed to be conflicted, as described in V.B. above and V.B.4. below.

3. **Out-of-Guidelines Votes:** Votes Contrary to Procedures and Guidelines, or Agent Recommendation, where applicable, Where No Recommendation is Provided by Agent, or Where Agent's Recommendation is Conflicted

If the Proxy Group recommends that a Fund vote contrary to the Procedures and Guidelines, or the recommendation of the Agent, where applicable, if the Agent has made no recommendation on a matter

requiring case-by-case consideration and the Procedures and Guidelines are silent, or the Agent's recommendation on a matter requiring case-by-case consideration is deemed to be conflicted as provided for under the Adviser Procedures, the Proxy Coordinator will then request that all members of the Proxy Group, including any members not in attendance at the meeting at which the relevant proxy is being considered, and each Investment Professional participating in the voting process complete a Conflicts Report (as such term is defined for purposes of the Adviser Procedures). As provided for in the Adviser Procedures, the Proxy Coordinator shall be responsible for identifying to Counsel potential conflicts of interest with respect to the Agent.

If Counsel determines that a conflict of interest appears to exist with respect to the Agent, any member of the Proxy Group or the participating Investment Professional(s), the Proxy Coordinator will then call a meeting of the Valuation and Proxy Voting Committee(s) and forward to such Committee(s) all information relevant to their review, including the following materials or a summary thereof: the applicable Procedures and Guidelines, the recommendation of the Agent, where applicable, the recommendation of the Investment Professional(s), where applicable, any resources used by the Proxy Group in arriving at its recommendation, the Conflicts Report and any other written materials establishing whether a conflict of interest exists, and findings of Counsel (as such term is defined for purposes of the Adviser Procedures).

If Counsel determines that there does not appear to be a conflict of interest with respect to the Agent, any member of the Proxy Group or the participating Investment Professional(s), the Proxy Coordinator will instruct the Agent to vote the proxy as recommended by the Proxy Group.

4. Referrals to a Fund's Valuation and Proxy Voting Committee

A Fund's Valuation and Proxy Voting Committee may consider all recommendations, analysis, research and Conflicts Reports provided to it by the Agent, Proxy Group and/or Investment Professional(s), and any other written materials used to establish whether a conflict of interest exists, in determining how to vote the proxies referred to the Committee. The Committee will instruct the Agent through the Proxy Coordinator how to vote such referred proposals.

The Proxy Coordinator shall use best efforts to timely refer matters to a Fund's Committee for its consideration. In the event any such matter cannot be timely referred to or considered by the Committee, it shall be the policy of the Funds to vote in accordance with the Agent's recommendation, unless the Agent's recommendation is conflicted on a

matter requiring case-by-case consideration, in which case no action shall be taken on such matter (*i.e.*, a Non-Vote ).

The Proxy Coordinator will maintain a record of all proxy questions that have been referred to a Fund's Committee, all applicable recommendations, analysis, research and Conflicts Reports.

**VI. CONFLICTS OF INTEREST**



In all cases in which a vote has not been clearly determined in advance by the Procedures and Guidelines or for which the Proxy Group recommends an Out-of-Guidelines vote, and Counsel has determined that a conflict of interest appears to exist with respect to the Agent, any member of the Proxy Group, or any Investment Professional participating in the voting process, the proposal shall be referred to the Fund's Committee for determination so that the Adviser shall have no opportunity to vote a Fund's proxy in a situation in which it or the Agent may be deemed to have a conflict of interest. In the event a member of a Fund's Committee believes he/she has a conflict of interest that would preclude him/her from making a voting determination in the best interests of the beneficial owners of the applicable Fund, such Committee member shall so advise the Proxy Coordinator and recuse himself/herself with respect to determinations regarding the relevant proxy.

**VII. REPORTING AND RECORD RETENTION**

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Annually in August, each Fund that is not a feeder in a master/feeder structure will post its proxy voting record or a link thereto, for the prior one-year period ending on June 30<sup>th</sup> on the ING Funds website. No proxy voting record will be posted on the ING Funds website for any Fund that is a feeder in a master/feeder structure; however, a cross-reference to that of the master fund's proxy voting record as filed in the SEC's EDGAR database will be posted on the ING Funds website. The proxy voting record for each Fund will also be available in the EDGAR database on the SEC's website.

**EXHIBIT 1**

**to the**

**ING Funds**

**Proxy Voting Procedures**

ING EQUITY TRUST

ING FUNDS TRUST

ING GLOBAL EQUITY DIVIDEND AND PREMIUM OPPORTUNITY FUND

ING INVESTMENT FUNDS, INC.

ING INVESTORS TRUST

ING MAYFLOWER TRUST

ING MUTUAL FUNDS

ING PARTNERS, INC.

ING PRIME RATE TRUST

ING SENIOR INCOME FUND

ING VARIABLE INSURANCE TRUST

ING VARIABLE PRODUCTS TRUST

ING VP EMERGING MARKETS FUND, INC.

ING VP NATURAL RESOURCES TRUST

**USLICO SERIES FUND**



**EXHIBIT 2**

**to the**

**ING Funds**

**Proxy Voting Procedures**

**ING INVESTMENTS, LLC,**

**DIRECTED SERVICES, INC.**

AND

**ING LIFE INSURANCE AND ANNUITY COMPANY**



**PROXY VOTING PROCEDURES**

**I. INTRODUCTION**

ING Investments, LLC, Directed Services, Inc. and ING Life Insurance and Annuity Company (each an Adviser and collectively, the Advisers ) are the investment advisers for the registered investment companies and each series or portfolio thereof (each a Fund and collectively, the Funds ) comprising the ING family of funds. As such, the Advisers have been delegated the authority to vote proxies with respect to securities for the Funds over which they have day-to-day portfolio management responsibility.

The Advisers will abide by the proxy voting guidelines adopted by a Fund s respective Board of Directors or Trustees (each a Board and collectively, the Boards ) with regard to the voting of proxies unless otherwise provided in the proxy voting procedures adopted by a Fund s Board.

In voting proxies, the Advisers are guided by general fiduciary principles. Each must act prudently, solely in the interest of the beneficial owners of the Funds it manages. The Advisers will not subordinate the interest of beneficial owners to unrelated objectives. Each Adviser will vote proxies in the manner that it believes will do the most to maximize shareholder value.

The following are the Proxy Voting Procedures of ING Investments, LLC, Directed Services, Inc. and ING Life Insurance and Annuity Company (the Adviser Procedures ) with respect to the voting of proxies on behalf of their client Funds as approved by the respective Board of each Fund.

Unless otherwise noted, proxies will be voted in all instances.

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## II. ROLES AND RESPONSIBILITIES

### A. Proxy Coordinator

The Proxy Coordinator identified in Appendix 1 will assist in the coordination of the voting of each Fund's proxies in accordance with the ING Funds Proxy Voting Procedures and Guidelines (the Procedures or Guidelines and collectively the Procedures and Guidelines). The Proxy Coordinator is authorized to direct the Agent to vote a Fund's proxy in accordance with the Procedures and Guidelines unless the Proxy Coordinator receives a recommendation from an Investment Professional (as described below) to vote contrary to the Procedures and Guidelines. In such event, and in connection with proxy proposals requiring case-by-case consideration, the Proxy Coordinator will call a meeting of the Proxy Group (as described below).

Responsibilities assigned herein to the Proxy Coordinator, or activities in support thereof, may be performed by such members of the Proxy Group or employees of the Advisers' affiliates as are deemed appropriate by the Proxy Group.

Unless specified otherwise, information provided to the Proxy Coordinator in connection with duties of the parties described herein shall be deemed delivered to the Advisers.

### B. Agent

An independent proxy voting service (the Agent), as approved by the Board of each Fund, shall be engaged to assist in the voting of Fund proxies for publicly traded securities through the provision of vote analysis, implementation, recordkeeping and disclosure services. The Agent is Institutional Shareholder Services, Inc. The Agent is responsible for coordinating with the Funds' custodians to ensure that all proxy materials received by the custodians relating to the portfolio securities are processed in a timely fashion. To the extent applicable, the Agent is required to vote and/or refer all proxies in accordance with these Adviser Procedures. The Agent will retain a record of all proxy votes handled by the Agent. Such record must reflect all the information required to be disclosed in a Fund's Form N-PX pursuant to Rule 30b1-4 under the Investment Company Act. In addition, the Agent is responsible for maintaining copies of all proxy statements received by issuers and to promptly provide such materials to the Adviser upon request.

The Agent shall be instructed to vote all proxies in accordance with a Fund's Guidelines, except as otherwise instructed through the Proxy Coordinator by the Adviser's Proxy Group or a Fund's Valuation and Proxy Voting Committee (Committee).

The Agent shall be instructed to obtain all proxies from the Funds' custodians and to review each proxy proposal against the Guidelines. The Agent also shall be requested to call the Proxy Coordinator's attention to specific proxy proposals that although governed by the Guidelines appear to involve unusual or controversial issues.

Subject to the oversight of the Advisers, the Agent shall establish and maintain adequate internal controls and policies in connection with the provision of proxy voting services voting to the Advisers, including methods to reasonably ensure that its analysis and recommendations are not influenced by conflict of interest, and shall disclose such controls and policies to the Advisers when and as provided for herein. Unless otherwise specified, references herein to recommendations of the Agent shall refer to those in which no conflict of interest has been identified.

### C. Proxy Group

The Adviser shall establish a Proxy Group (the Group or Proxy Group) which shall assist in the review of the Agent's recommendations when a proxy voting issue is referred to the Group through the Proxy Coordinator. The members of the Proxy Group, which may include employees of the Advisers' affiliates, are identified in Appendix 1, as may be amended from time to time at the Advisers' discretion.

A minimum of four (4) members of the Proxy Group (or three (3) if one member of the quorum is either the Fund's Chief Investment Risk Officer or Chief Financial Officer) shall constitute a quorum for purposes of taking action at any meeting of the Group. The vote of a simple majority of the members present and voting shall determine any matter submitted to a vote. The Proxy Group may meet in person or by telephone. The Proxy Group also may take action via electronic mail in lieu of a meeting, provided that each Group member has received a copy of any relevant electronic mail transmissions circulated by each other participating Group member prior to voting and provided that the Proxy Coordinator follows the directions of a majority of a quorum (as defined above) responding via electronic mail. For all votes taken in person or by telephone or teleconference, the vote shall be taken outside the presence of any person other than the members of the Proxy Group and such other persons whose attendance may be deemed appropriate by the Proxy Group from time to time in furtherance of its duties or the day-to-day administration of the Funds.

A meeting of the Proxy Group will be held whenever (1) the Proxy Coordinator receives a recommendation from an Investment Professional to vote a Fund's proxy contrary to the Procedures and Guidelines, or the recommendation of the Agent, where applicable, (2) the Agent has made no recommendation with respect to a vote on a proposal, or (3) a matter requires case-by-case consideration,

including those in which the Agent's recommendation is deemed to be conflicted as provided for under these Adviser Procedures.

For each proposal referred to the Proxy Group, it will review (1) the relevant Procedures and Guidelines, (2) the recommendation of the Agent, if any, (3) the recommendation of the Investment Professional(s), if any, and (4) any other resources that any member of the Proxy Group deems appropriate to aid in a determination of a recommendation.

If the Proxy Group recommends that a Fund vote in accordance with the Procedures and Guidelines, or the recommendation of the Agent, where applicable, it shall instruct the Proxy Coordinator to so advise the Agent.

If the Proxy Group recommends that a Fund vote contrary to the Procedures and Guidelines, or the recommendation of the Agent, where applicable, or if the Agent's recommendation on a matter requiring case-by-case consideration is deemed to be conflicted, it shall follow the procedures for such voting as established by a Fund's Board.

The Proxy Coordinator shall use best efforts to convene the Proxy Group with respect to all matters requiring its consideration. In the event quorum requirements cannot be timely met in connection with a voting deadline, the Proxy Coordinator shall follow the procedures for such voting as established by a Fund's Board.

#### D. Investment Professionals

The Funds' Advisers, sub-advisers and/or portfolio managers (each referred to herein as an Investment Professional and collectively, Investment Professionals) may be asked to submit a recommendation to the Proxy Group regarding the voting of proxies related to the portfolio securities over which they have day-to-day portfolio management responsibility. The Investment Professionals may accompany their recommendation with any other research materials that they deem appropriate.

### III. VOTING PROCEDURES



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**A.** In all cases, the Adviser shall follow the voting procedures as set forth in the Procedures and Guidelines of the Fund on whose behalf the Adviser is exercising delegated authority to vote.

**B. Routine Matters**

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The Agent shall be instructed to submit a vote in accordance with the Guidelines where such Guidelines provide a clear For , Against, Withhold or Abstain



on a proposal. However, the Agent shall be directed to refer any proxy proposal to the Proxy Coordinator for instructions as if it were a matter requiring case-by-case consideration under circumstances where the application of the Guidelines is unclear, it appears to involve unusual or controversial issues, or an Investment Professional recommends a vote contrary to the Guidelines.

C. Matters Requiring Case-by-Case Consideration

The Agent shall be directed to refer proxy proposals accompanied by its written analysis and voting recommendation to the Proxy Coordinator where the Guidelines have noted case-by-case consideration.

Upon receipt of a referral from the Agent, the Proxy Coordinator may solicit additional research from the Agent, Investment Professional(s), as well as from any other source or service.

The Proxy Coordinator will forward the Agent's analysis and recommendation and/or any research obtained from the Investment Professional(s), the Agent or any other source to the Proxy Group. The Proxy Group may consult with the Agent and/or Investment Professional(s), as it deems necessary.

1. **Within-Guidelines Votes:** Votes in Accordance with a Fund's Guidelines and/or, where applicable, Agent Recommendation

In the event the Proxy Group, and where applicable, any Investment Professional participating in the voting process, recommend a vote within Guidelines, the Proxy Group will instruct the Agent, through the Proxy Coordinator, to vote in this manner. No Conflicts Report (as such term is defined herein) is required in connection with Within-Guidelines votes.

2. **Non-Votes:** Votes in Which No Action is Taken

The Proxy Group may recommend that a Fund refrain from voting under the following circumstances: (1) if the economic effect on shareholders' interests or the value of the portfolio holding is indeterminable or insignificant, *e.g.*, proxies in connection with securities no longer held in the portfolio of an ING Fund or proxies being considered on behalf of a Fund that is no longer in existence; or (2) if the cost of voting a proxy outweighs the benefits, *e.g.*, certain international proxies, particularly in cases in which share blocking practices may impose trading restrictions on the relevant portfolio security. In such instances, the Proxy Group may instruct the Agent, through the Proxy Coordinator, not to vote such proxy.

Reasonable efforts shall be made to secure and vote all other proxies for the Funds, but, particularly in markets in which shareholders' rights are



limited, Non-Votes may also occur in connection with a Fund's related inability to timely access ballots or other proxy information in connection with its portfolio securities.

Non-Votes may also result in certain cases in which the Agent's recommendation has been deemed to be conflicted, as provided for in the Funds Procedures.

3. **Out-of-Guidelines Votes:** Votes Contrary to Procedures and Guidelines, or Agent Recommendation, where applicable, Where No Recommendation is Provided by Agent, or Where Agent's Recommendation is Conflicted

If the Proxy Group recommends that a Fund vote contrary to the Procedures and Guidelines, or the recommendation of the Agent, where applicable, if the Agent has made no recommendation on a matter requiring case-by-case consideration and the Procedures and Guidelines are silent, or the Agent's recommendation on a matter requiring case-by-case consideration is deemed to be conflicted as provided for under these Adviser Procedures, the Proxy Coordinator will then implement the procedures for handling such votes as adopted by the Fund's Board.

4. The Proxy Coordinator will maintain a record of all proxy questions that have been referred to a Fund's Valuation and Proxy Voting Committee, all applicable recommendations, analysis, research and Conflicts Reports.

**IV. ASSESSMENT OF THE AGENT AND CONFLICTS OF INTEREST**

In furtherance of the Advisers' fiduciary duty to the Funds and their beneficial owners, the Advisers shall establish the following:

A. **Assessment of the Agent**

The Advisers shall establish that the Agent (1) is independent from the Advisers, (2) has resources that indicate it can competently provide analysis of proxy issues and (3) can make recommendations in an impartial manner and in the best interests of the Funds and their beneficial owners. The Advisers shall utilize, and the Agent shall comply with, such methods for establishing the foregoing as the Advisers may deem reasonably appropriate and shall do not less than annually as well as prior to engaging the services of any new proxy service. The Agent shall also notify the Advisers in writing within fifteen (15) calendar days of any material change to information previously provided to an Adviser in

connection with establishing the Agent's independence, competence or impartiality.

Information provided in connection with assessment of the Agent shall be forwarded to a member of the mutual funds practice group of ING US Legal Services ( Counsel ) for review. Counsel shall review such information and advise the Proxy Coordinator as to whether a material concern exists and if so, determine the most appropriate course of action to eliminate such concern.

## B. Conflicts of Interest

The Advisers shall establish and maintain procedures to identify and address conflicts that may arise from time to time concerning the Agent. Upon the Advisers' request, which shall be not less than annually, and within fifteen (15) calendar days of any material change to such information previously provided to an Adviser, the Agent shall provide the Advisers with such information as the Advisers deem reasonable and appropriate for use in determining material relationships of the Agent that may pose a conflict of interest with respect to the Agent's proxy analysis or recommendations. The Proxy Coordinator shall forward all such information to Counsel for review. Counsel shall review such information and provide the Proxy Coordinator with a brief statement regarding whether or not a material conflict of interest is present. Matters as to which a material conflict of interest is deemed to be present shall be handled as provided in the Fund's Procedures and Guidelines.

In connection with their participation in the voting process for portfolio securities, each member of the Proxy Group, and each Investment Professional participating in the voting process, must act solely in the best interests of the beneficial owners of the applicable Fund. The members of the Proxy Group may not subordinate the interests of the Fund's beneficial owners to unrelated objectives, including taking steps to reasonably insulate the voting process from any conflict of interest that may exist in connection with the Agent's services or utilization thereof.

For all matters for which the Proxy Group recommends an Out-of-Guidelines vote, the Proxy Coordinator will implement the procedures for handling such votes as adopted by the Fund's Board, including completion of such Conflicts Reports as may be required under the Fund's Procedures. Completed Conflicts Reports shall be provided to the Proxy Coordinator within two (2) business days. Such Conflicts Report should describe any known conflicts of either a business or personal nature, and set forth any contacts with respect to the referral item with non-investment personnel in its organization or with outside parties (except for routine communications

from proxy solicitors). The Conflicts Report should also include written confirmation that any recommendation from an Investment Professional provided in connection with an Out-of-Guidelines vote or under circumstances where a conflict of interest exists was made solely on the investment merits and without regard to any other consideration.

The Proxy Coordinator shall forward all Conflicts Reports to Counsel for review. Counsel shall review each report and provide the Proxy Coordinator with a brief statement regarding whether or not a material conflict of interest is present. Matters as to which a material conflict of interest is deemed to be present shall be handled as provided in the Fund's Procedures and Guidelines.

**V. REPORTING AND RECORD RETENTION**

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The Adviser shall maintain the records required by Rule 204-2(c)(2), as may be amended from time to time, including the following: (1) A copy of each proxy statement received regarding a Fund's portfolio securities. Such proxy statements received from issuers are available either in the SEC's EDGAR database or are kept by the Agent and are available upon request. (2) A record of each vote cast on behalf of a Fund. (3) A copy of any document created by the Adviser that was material to making a decision how to vote a proxy, or that memorializes the basis for that decision. (4) A copy of written requests for Fund proxy voting information and any written response thereto or to any oral request for information on how the Adviser voted proxies on behalf of a Fund. All proxy voting materials and supporting documentation will be retained for a minimum of six (6) years.

**APPENDIX 1**

to the



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Advisers Proxy Voting Procedures

**Proxy Group for registered investment company clients of ING Investments, LLC, Directed Services, Inc. and ING Life Insurance and Annuity Company:**

| <b>Name</b>             | <b>Title or Affiliation</b>  |
|-------------------------|--|
| Stanley D. Vyner        | Chief Investment Risk Officer and Executive Vice President of ING Investments, LLC   |
| Karla J. Bos            | Proxy Coordinator for the ING Funds and Manager Special Projects, ING Funds Services, LLC  |
| Maria Anderson          | Vice President of Fund Compliance, ING Funds Services, LLC   |
| Michael J. Roland       | Executive Vice President and Chief Financial Officer of ING Investments, LLC; Vice President, ING Life Insurance and Annuity Company; and Assistant Secretary, Directed Services, Inc. |
| Todd Modic              | Vice President of Financial Reporting Fund Accounting of ING Funds Services, LLC   |
| Theresa K. Kelety, Esq. | Counsel, ING Americas US Legal Services  |

Effective as of April 21, 2004

**EXHIBIT 3**

to the

**ING Funds Proxy Voting Procedures**

**PROXY VOTING GUIDELINES OF THE ING FUNDS**

**I. INTRODUCTION**



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The following is a statement of the Proxy Voting Guidelines ( Guidelines ) that have been adopted by the respective Boards of Directors or Trustees of each Fund. Unless otherwise provided for herein, any defined term used herein shall have the meaning assigned to it in the Funds and Advisers Proxy Voting Procedures (the Procedures ).

Proxies must be voted in the best interest of the Fund(s). The Guidelines summarize the Funds positions on various issues of concern to investors, and give a general indication of how Fund portfolio securities will be voted on proposals dealing with particular issues. The Guidelines are not exhaustive and do not include all potential voting issues.

The Advisers, in exercising their delegated authority, will abide by the Guidelines as outlined below with regard to the voting of proxies except as otherwise provided in the Procedures. In voting proxies, the Advisers are guided by general fiduciary principles. Each must act prudently, solely in the interest of the beneficial owners of the Funds it manages. The Advisers will not subordinate the interest of beneficial owners to unrelated objectives. Each Adviser will vote proxies in the manner that it believes will do the most to maximize shareholder value.

### II. GUIDELINES

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The following Guidelines are grouped according to the types of proposals generally presented to shareholders of U.S. issuers: Board of Directors, Proxy Contests, Auditors, Proxy Contest Defenses, Tender Offer Defenses, Miscellaneous, Capital Structure, Executive and Director Compensation, State of Incorporation, Mergers and Corporate Restructurings, Mutual Fund Proxies and Social and Environmental Issues. An additional section addresses proposals most frequently found in global proxies.

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**General Policies**

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It shall generally be the policy of the Funds to take no action on a proxy for which no Fund holds a position or otherwise maintains an economic interest in the relevant security at the time the vote is to be cast.

In all cases receiving CASE-BY-CASE consideration, including cases not specifically provided for under these Guidelines, unless otherwise provided for under these Guidelines, it shall generally be the policy of the Funds to vote in accordance with the recommendation provided by the Funds' Agent, Institutional Shareholder Services, Inc.

Unless otherwise provided for herein, it shall generally be the policy of the Funds to vote in accordance with the Agent's recommendation in cases in which such recommendation aligns with the recommendation of the relevant issuer's management. However, this policy shall not apply to CASE-BY-CASE proposals for which a contrary recommendation from the Investment Professional for the relevant Fund has been received and is to be utilized, provided that incorporation of any such recommendation shall be subject to the conflict of interest review process required under the Procedures.

Recommendations from the Investment Professionals, while not required under the Procedures, are likely to be considered with respect to proxies for private equity securities and/or proposals related to merger transactions/corporate restructurings, proxy contests related to takeover bids/contested business combinations, or unusual or controversial issues. Such input shall be given primary consideration with respect to CASE-BY-CASE proposals being considered on behalf of the relevant Fund.

The foregoing policies may be overridden in any case as provided for in the Procedures. Similarly, the Procedures provide that proposals whose Guidelines prescribe a firm voting position may instead be considered on a CASE-BY-CASE basis in cases in which unusual or controversial circumstances so dictate.

Interpretation and application of these Guidelines is not intended to supersede any law, regulation, binding agreement or other legal requirement to which an issuer may be or become subject.

### 1. **The Board of Directors**

**Voting on Director Nominees in Uncontested Elections**



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Unless otherwise provided for herein, the Agent's standards with respect to determining director independence shall apply. These standards generally provide that, to be considered completely independent, a director shall have no material connection to the company other than the board seat.

Agreement with the Agent's independence standards shall not dictate that a Fund's vote shall be cast according to the Agent's corresponding recommendation. Votes on director

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nominees not subject to specific policies described herein should be made on a CASE-BY-CASE basis.

In any cases in which application of the policies described herein would result in withholding votes from the majority of independent outside directors sitting on a board, or removal of such directors would negatively impact majority board independence, consider such nominees on a CASE-BY-CASE basis.

WITHHOLD votes from a nominee who, during both of the most recent two years, attended less than 75% of the board and committee meetings without a valid reason for the absences. DO NOT WITHHOLD votes in connection with attendance issues for nominees who have served on the board for less than the two most recent years.

WITHHOLD votes from a nominee who has failed to remove restrictive (dead-hand, slow-hand, no-hand) features from a poison pill only in cases for which culpability for implementation or renewal of the pill in such form can be specifically attributed to the nominee.

Provided that a nominee served on the board during the relevant time period, WITHHOLD votes from a nominee who has failed to implement a shareholder proposal that was approved by (1) a majority of the issuer's shares outstanding (most recent annual meeting) or (2) a majority of the votes cast for two consecutive years. However, in the case of shareholder proposals seeking shareholder ratification of a poison pill, generally DO NOT WITHHOLD votes from a nominee in such cases if the company has already implemented a policy that should reasonably prevent abusive use of the pill.

WITHHOLD votes from inside directors or affiliated outside directors who sit on the audit committee.

DO NOT WITHHOLD votes from inside directors or affiliated outside directors who sit on the nominating or compensation committee, provided that such committee meets the applicable independence requirements of the relevant listing exchange. However, consider such nominees on a CASE-BY-CASE basis if the committee is majority insider-controlled.

DO NOT WITHHOLD votes from inside directors or affiliated outside directors if the full board serves as the compensation or nominating committee OR has not created one or both committees, provided that the issuer is in compliance with all provisions of the listing exchange in connection with performance of relevant functions (*e.g.*, performance of relevant functions by a majority of independent directors in lieu of the formation of a separate committee).

In cases in which the Agent has identified a pay for performance disconnect or other form of excessive executive compensation practices, consider on a CASE-BY-CASE basis nominees who sit on the compensation committee, provided that such nominees

served on the board during the relevant time period, but **DO NOT WITHHOLD** votes for this reason from the pay package recipient if also sitting for election but not a compensation committee member.

Generally, vote **FOR** independent outside director nominees serving on the audit committee, but if total non-audit fees exceed the total of audit fees, audit-related fees and tax compliance and preparation fees, do vote **AGAINST** auditor ratification if concerns exist that remuneration for the non-audit work is so lucrative as to taint the auditor's independence.

Consider inside director or affiliated outside director nominees in cases in which the full board is **not majority independent** on a **CASE-BY-CASE** basis, excluding any non-voting director (*e.g.*, director emeritus or advisory director) in calculations with respect to majority board independence.

Consider nominees who sit on more than six public company boards on a **CASE-BY-CASE** basis.

#### **Proposals Regarding Board Composition or Board Service**

Generally, vote **AGAINST** shareholder proposals to impose new board structures or policies, including those requiring that the positions of chairman and CEO be held separately, except consider such proposals on a **CASE-BY-CASE** basis if the board is not majority independent or pervasive corporate governance concerns have been identified.

Generally, vote **AGAINST** shareholder proposals asking that more than a simple majority of directors be independent.

Generally, vote **AGAINST** shareholder proposals asking that board compensation and/or nominating committees be composed exclusively of independent directors.

Generally, vote **AGAINST** shareholder proposals to limit the number of public company boards on which a director may serve.

Generally, vote **AGAINST** shareholder proposals that seek to redefine director independence or directors' specific roles (*e.g.*, responsibilities of the lead director).

Generally, vote **AGAINST** shareholder proposals requesting creation of additional board committees or offices, except as otherwise provided for herein.

Generally, vote **FOR** shareholder proposals that seek creation of an audit, compensation or nominating committee of the board, unless the committee in question is already in existence or the issuer has availed itself of an applicable exemption of the listing exchange (*e.g.*, performance of relevant functions by a majority of independent directors in lieu of the formation of a separate committee).

Generally, vote **AGAINST** shareholder proposals to limit the tenure of outside directors.

Generally, vote **AGAINST** shareholder proposals to impose a mandatory retirement age for outside directors, but generally **DO NOT VOTE AGAINST** management proposals seeking to establish a retirement age for directors.



**Stock Ownership Requirements**

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Generally, vote AGAINST shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director or to remain on the board.

### **Director and Officer Indemnification and Liability Protection**

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Proposals on director and officer indemnification and liability protection should be evaluated on a CASE-BY-CASE basis, using Delaware law as the standard. Vote AGAINST proposals to limit or eliminate entirely directors' and officers' liability for monetary damages for violating the duty of care. Vote AGAINST indemnification proposals that would expand coverage beyond just legal expenses to acts, such as negligence, that are more serious violations of fiduciary obligation than mere carelessness. Vote FOR only those proposals providing such expanded coverage in cases when a director's or officer's legal defense was unsuccessful if:

- (1) The director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company, and
- (2) Only if the director's legal expenses would be covered.

## 2. Proxy Contests

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These proposals should generally be analyzed on a CASE-BY-CASE basis. Input from the Investment Professional(s) for a given Fund shall be given primary consideration with respect to proposals in connection with proxy contests related to takeover bids or other contested business combinations being considered on behalf of that Fund.

### **Voting for Director Nominees in Contested Elections**



Votes in a contested election of directors must be evaluated on a CASE-BY-CASE basis.

**Reimburse Proxy Solicitation Expenses**

Voting to reimburse proxy solicitation expenses should be analyzed on a CASE-BY-CASE basis.

3. **Auditors**

**Ratifying Auditors**

Generally, except in cases of high non-audit fees, vote FOR management proposals to ratify auditors. If total non-audit fees exceed the total of audit fees, audit-related fees and tax compliance and preparation fees, consider on a CASE-BY-CASE basis, voting AGAINST management proposals to ratify auditors in cases in which concerns exist that remuneration for the non-audit work is so lucrative as to taint the auditor's independence. If such concerns exist or an issuer has a history of questionable accounting practices, also vote FOR shareholder proposals asking the issuer to present its auditor annually for ratification, but in other cases generally vote AGAINST.

**Auditor Independence**

Generally, vote AGAINST shareholder proposals asking companies to prohibit their auditors from engaging in non-audit services (or capping the level of non-audit services).

**Audit Firm Rotation:**

Generally, vote AGAINST shareholder proposals asking for mandatory audit firm rotation.

4. **Proxy Contest Defenses**

**Board Structure: Staggered vs. Annual Elections**

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Generally, vote AGAINST proposals to classify the board.

Generally, vote FOR proposals to repeal classified boards and to elect all directors annually.

### **Shareholder Ability to Remove Directors**

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Generally, vote AGAINST proposals that provide that directors may be removed only for cause.

Generally, vote FOR proposals to restore shareholder ability to remove directors with or without cause.

Generally, vote AGAINST proposals that provide that only continuing directors may elect replacements to fill board vacancies.

Generally, vote FOR proposals that permit shareholders to elect directors to fill board vacancies.

### **Cumulative Voting**

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Unless the company maintains a classified board of directors, generally, vote FOR management proposals to eliminate cumulative voting.

In cases in which the company maintains a classified board of directors, generally vote FOR shareholder proposals to restore or permit cumulative voting.

### **Shareholder Ability to Call Special Meetings**

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Generally, vote AGAINST proposals to restrict or prohibit shareholder ability to call special meetings.

Generally, vote FOR proposals that remove restrictions on the right of shareholders to act independently of management.

### **Shareholder Ability to Act by Written Consent**

Generally, vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent.

Generally, vote FOR proposals to allow or make easier shareholder action by written consent.

### **Shareholder Ability to Alter the Size of the Board**



Review on a CASE-BY-CASE basis proposals that seek to fix the size of the board.

Review on a CASE-BY-CASE basis proposals that give management the ability to alter the size of the board without shareholder approval.

5. **Tender Offer Defenses**

**Poison Pills**

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Generally, vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification, unless a policy has already been implemented by the company that should reasonably prevent abusive use of the pill.

Review on a CASE-BY-CASE basis shareholder proposals to redeem a company's poison pill.

Review on a CASE-BY-CASE basis management proposals to ratify a poison pill.

### **Fair Price Provisions**

Vote proposals to adopt fair price provisions on a CASE-BY-CASE basis.

Generally, vote AGAINST fair price provisions with shareholder vote requirements greater than a majority of disinterested shares.

### **Greenmail**

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Generally, vote FOR proposals to adopt antigreenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.

Review on a CASE-BY-CASE basis antigreenmail proposals when they are bundled with other charter or bylaw amendments.

### **Pale Greenmail**

Review on a CASE-BY-CASE basis restructuring plans that involve the payment of pale greenmail.

**Unequal Voting Rights**

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Generally, vote AGAINST dual-class exchange offers.

Generally, vote AGAINST dual-class recapitalizations.

### **Supermajority Shareholder Vote Requirement to Amend the Charter or Bylaws**

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Generally, vote AGAINST management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments.

Generally, vote FOR shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments.

### **Supermajority Shareholder Vote Requirement to Approve Mergers**

Generally, vote AGAINST management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations.

Generally, vote FOR shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations.



**White Squire Placements**

Generally, vote FOR shareholder proposals to require approval of blank check preferred stock issues for other than general corporate purposes.

6. **Miscellaneous**

**Confidential Voting**

Generally, vote FOR shareholder proposals that request companies to adopt confidential voting, use independent tabulators, and use independent inspectors of election as long as the proposals include clauses for proxy contests as follows:

In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy.

If the dissidents agree, the policy remains in place.

If the dissidents do not agree, the confidential voting policy is waived.

Generally, vote FOR management proposals to adopt confidential voting.

**Open Access**

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Consider on a CASE-BY-CASE basis shareholder proposals seeking open access to management's proxy material in order to nominate their own candidates to the board.

### **Bundled Proposals**

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Review on a CASE-BY-CASE basis bundled or conditioned proxy proposals.

### **Shareholder Advisory Committees**

Review on a CASE-BY-CASE basis proposals to establish a shareholder advisory committee.

**Other Business**

In connection with proxies of U.S. issuers, generally vote FOR management proposals for Other Business.

**Quorum Requirements**

Review on a CASE-BY-CASE basis proposals to lower quorum requirements for shareholder meetings below a majority of the shares outstanding.

7. **Capital Structure**

Analyze on a CASE-BY-CASE basis.

**Common Stock Authorization**



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Review proposals to increase the number of shares of common stock authorized for issue on a CASE-BY-CASE basis Except where otherwise indicated, the Agent's proprietary approach, utilizing quantitative criteria (*e.g.*, dilution, peer group comparison, company performance and history) to determine appropriate thresholds, will generally be utilized in evaluating such proposals.

Generally vote FOR proposals to authorize capital increases within the Agent's allowable thresholds, but consider on a CASE-BY-CASE basis those requests exceeding the Agent's threshold for proposals in connection with which a contrary recommendation from the Investment Professional(s) has been received and is to be utilized.

Generally vote FOR proposals to authorize capital increases within the Agent's allowable thresholds, unless the company states that the stock may be used as a takeover defense. In those cases, consider on a CASE-BY-CASE basis if a contrary recommendation from the Investment Professional(s) has been received and is to be utilized.

Generally vote FOR proposals to authorize capital increases exceeding the Agent's thresholds when a company's shares are in danger of being delisted or if a company's ability to continue to operate as a going concern is uncertain.

Generally, vote AGAINST proposals to increase the number of authorized shares of the class of stock that has superior voting rights in companies that have dual-class capitalization structures.

Generally, vote FOR shareholder proposals to eliminate dual class capital structures with unequal voting rights in cases in which the relevant Fund owns the class with inferior voting rights, but generally vote AGAINST such proposals in cases in which the relevant Fund owns the class with superior voting rights.

**Stock Distributions: Splits and Dividends**

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Generally, vote FOR management proposals to increase common share authorization for a stock split, provided that the increase in authorized shares falls within the Agent's allowable thresholds, but consider on a CASE-BY-CASE basis those proposals exceeding the Agent's threshold for proposals in connection with which a contrary recommendation from the Investment Professional(s) has been received and is to be utilized.

### **Reverse Stock Splits**

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Consider on a CASE-BY-CASE basis management proposals to implement a reverse stock split.

### **Preferred Stock**

Generally, vote AGAINST proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ( blank check preferred stock).

Generally, vote FOR proposals to create blank check preferred stock in cases when the company expressly states that the stock will not be used as a takeover defense. Generally vote AGAINST in cases where the company expressly states that the stock may be used as a takeover defense.

Generally, vote FOR proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable.

Vote CASE-BY-CASE on proposals to increase the number of blank check preferred shares after analyzing the number of preferred shares available for issue given a company's industry and performance in terms of shareholder returns.

**Shareholder Proposals Regarding Blank Check Preferred Stock**

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Generally, vote FOR shareholder proposals to have blank check preferred stock placements, other than those shares issued for the purpose of raising capital or making acquisitions in the normal course of business, submitted for shareholder ratification.

### **Adjustments to Par Value of Common Stock**

Generally, vote FOR management proposals to reduce the par value of common stock.

**Preemptive Rights**

## Edgar Filing: ING PRIME RATE TRUST - Form N-CSR

Review on a CASE-BY-CASE basis shareholder proposals that seek preemptive rights or management proposals that seek to eliminate them. In evaluating proposals on preemptive rights, consider the size of a company and the characteristics of its shareholder base.

### **Debt Restructurings**



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Review on a CASE-BY-CASE basis proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan.

### **Share Repurchase Programs**

Generally, vote FOR management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

Generally, vote FOR management proposals to cancel repurchased shares.

### **Tracking Stock**

Votes on the creation of tracking stock are determined on a CASE-BY-CASE basis.

8. **Executive and Director Compensation**

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Unless otherwise provided for herein, votes with respect to compensation and employee benefit plans should be determined on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's quantitative approach to evaluating such plans, which includes determination of costs and comparison to an allowable cap. Generally vote in accordance with the Agent's recommendations FOR equity-based plans with costs within such cap and AGAINST those with costs in excess of it, but consider plans CASE-BY-CASE if the Agent raises other considerations with respect to the plan.

### **Management Proposals Seeking Approval to Reprice Options**

## Edgar Filing: ING PRIME RATE TRUST - Form N-CSR

Review on a CASE-BY-CASE basis management proposals seeking approval to reprice/replace options, considering rationale, historic trading patterns, value-for-value exchange, participation limits, vesting periods and replacement option terms.

Vote AGAINST compensation plans that permit repricing of stock options without shareholder approval.

**Director Compensation**

Votes on stock-based plans for directors are made on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach as described above.

**Employee Stock Purchase Plans**

Votes on employee stock purchase plans should be made on a CASE-BY-CASE basis.

**OBRA-Related Compensation Proposals:**

**Amendments that Place a Cap on Annual Grants or Amend Administrative Features**

Generally, vote FOR plans that simply amend shareholder-approved plans to include administrative features or place a cap on the annual grants any one participant may receive to comply with the provisions of Section 162(m) of OBRA.

**Amendments to Add Performance-Based Goals**

Generally, vote FOR amendments to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) of OBRA.

**Amendments to Increase Shares and Retain Tax Deductions Under OBRA**

Votes on amendments to existing plans to increase shares reserved and to qualify the plan for favorable tax treatment under the provisions of Section 162(m) should be evaluated on a CASE-BY-CASE basis.

**Approval of Cash or Cash-and-Stock Bonus Plans**

Generally, vote FOR cash or cash-and-stock bonus plans to exempt the compensation from taxes under the provisions of Section 162(m) of OBRA.

**Shareholder Proposals Regarding Executive and Director Pay**

Generally, vote AGAINST shareholder proposals that seek disclosure of the remuneration of individuals other than senior executives and directors.

Unless evidence exists of abuse in historical compensation practices, and except as otherwise provided for herein, generally vote AGAINST shareholder proposals that seek to impose new compensation structures or policies.

**Golden and Tin Parachutes**

Generally, vote FOR shareholder proposals to have golden and tin parachutes submitted for shareholder ratification, provided that such parachutes specify change-in-control events and that the proposal does not include unduly restrictive or arbitrary provisions such as advance approval requirements.

Generally vote AGAINST shareholder proposals to submit executive severance agreements that do not specify change-in-control events, Supplemental Executive

Retirement Plans or deferred executive compensation plans for shareholder ratification, unless such ratification is required by the listing exchange.

Review on a CASE-BY-CASE basis all proposals to ratify or cancel golden or tin parachutes.

**Employee Stock Ownership Plans (ESOPs)**

Generally, vote FOR proposals that request shareholder approval in order to implement an ESOP or to increase authorized shares for existing ESOPs, except in cases when the number of shares allocated to the ESOP is excessive (*i.e.*, generally greater than five percent of outstanding shares).

**401(k) Employee Benefit Plans**

Generally, vote FOR proposals to implement a 401(k) savings plan for employees.

**Expensing of Stock Options**

Generally, vote AGAINST shareholder proposals to expense stock options before such treatment is required by the Federal Accounting Standards Board.

**Holding Periods**

Generally, vote AGAINST proposals requiring mandatory periods for officers and directors to hold company stock.

9. **State of Incorporation**



**Voting on State Takeover Statutes**

Review on a CASE-BY-CASE basis proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freezeout provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, antgreenmail provisions, and disgorgement provisions).

**Voting on Reincorporation Proposals**

Proposals to change a company's state of incorporation should be examined on a CASE-BY-CASE basis. Generally, vote FOR management reincorporation proposals upon which another key proposal, such as a merger transaction, is contingent if the other key proposal is also supported. Generally, vote AGAINST shareholder reincorporation proposals not also supported by the company.

10. **Mergers and Corporate Restructurings**

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Input from the Investment Professional(s) for a given Fund shall be given primary consideration with respect to proposals regarding merger transactions or other corporate restructurings being considered on behalf of that Fund.

**Mergers and Acquisitions**

Votes on mergers and acquisitions should be considered on a CASE-BY-CASE basis.

**Corporate Restructuring**

Votes on corporate restructuring proposals, including minority squeezeouts, leveraged buyouts, spinoffs, liquidations and asset sales, should be considered on a CASE-BY-CASE basis.

**Spinoffs**

Votes on spinoffs should be considered on a CASE-BY-CASE basis.

**Asset Sales**

Votes on asset sales should be made on a CASE-BY-CASE basis.

**Liquidations**

Votes on liquidations should be made on a CASE-BY-CASE basis.

**Adjournment**

Generally, vote FOR proposals to adjourn a meeting to provide additional time for vote solicitation when the primary proposal is also voted FOR.

**Appraisal Rights**

Generally, vote FOR proposals to restore, or provide shareholders with, rights of appraisal.

**Changing Corporate Name**

Generally, vote FOR changing the corporate name.

11. **Mutual Fund Proxies**

**Election of Directors**

Vote the election of directors on a CASE-BY-CASE basis.

**Converting Closed-end Fund to Open-end Fund**

Vote conversion proposals on a CASE-BY-CASE basis.

**Proxy Contests**

Vote proxy contests on a CASE-BY-CASE basis.

**Investment Advisory Agreements**

Vote the investment advisory agreements on a CASE-BY-CASE basis.

**Approving New Classes or Series of Shares**

Generally, vote FOR the establishment of new classes or series of shares.

**Preferred Stock Proposals**

Vote the authorization for or increase in preferred shares on a CASE-BY-CASE basis.

**1940 Act Policies**

Vote these proposals on a CASE-BY-CASE basis.

**Changing a Fundamental Restriction to a Nonfundamental Restriction**

Vote these proposals on a CASE-BY-CASE basis.

**Change Fundamental Investment Objective to Nonfundamental**

Generally, vote AGAINST proposals to change a fund's fundamental investment objective to nonfundamental.

**Name Rule Proposals**

Vote these proposals on a CASE-BY-CASE basis.

**Disposition of Assets/Termination/Liquidation**

Vote these proposals on a CASE-BY-CASE basis.

**Changes to the Charter Document**

Vote changes to the charter document on a CASE-BY-CASE basis.

**Changing the Domicile of a Fund**

Vote reincorporations on a CASE-BY-CASE basis.

**Change in Fund's Subclassification**

Vote these proposals on a CASE-BY-CASE basis.

**Authorizing the Board to Hire and Terminate Subadvisors Without Shareholder Approval**

Generally, vote FOR these proposals.

**Distribution Agreements**

Vote these proposals on a CASE-BY-CASE basis.

**Master-Feeder Structure**

Generally, vote FOR the establishment of a master-feeder structure.

**Mergers**

Vote merger proposals on a CASE-BY-CASE basis.

**Establish Director Ownership Requirement**

Generally, vote AGAINST shareholder proposals for the establishment of a director ownership requirement.

**Reimburse Shareholder for Expenses Incurred**

Voting to reimburse proxy solicitation expenses should be analyzed on a CASE-BY-CASE basis.

**Terminate the Investment Advisor**

Vote to terminate the investment advisor on a CASE-BY-CASE basis.

12. **Social and Environmental Issues**



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These issues cover a wide range of topics. In general, unless otherwise specified herein, vote CASE-BY-CASE. While a wide variety of factors may go into each analysis, the overall principle guiding all vote recommendations focuses on how or whether the proposal will enhance the economic value of the company. Because a company's board is likely to have access to relevant, non-public information regarding a company's business, such proposals will generally be voted in a manner intended to give the board (rather than shareholders) latitude to set corporate policy and oversee management.

Absent concurring support from the issuer, compelling evidence of abuse, significant public controversy or litigation, the issuer's significant history of relevant violations; or activities not in step with market practice or regulatory requirements, or unless provided for otherwise herein, generally vote AGAINST shareholder proposals seeking to dictate corporate conduct, apply existing law or release information that would not help a shareholder evaluate an investment in the corporation as an economic matter. Such proposals would generally include those seeking preparation of reports and/or implementation or additional disclosure of corporate policies related to issues such as consumer and public safety, environment and energy, labor standards and human rights, military business and political concerns, workplace diversity and non-discrimination, sustainability, social issues, vendor activities, economic risk or matters of science and engineering.

### 13. Global Proxies

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The foregoing Guidelines provided in connection with proxies of U.S. issuers shall also be applied to global proxies where applicable and not provided for otherwise herein. The following provide for differing regulatory and legal requirements, market practices and political and economic systems existing in various global markets.

Unless otherwise provided for herein, it shall generally be the policy of the Funds to vote AGAINST global proxy proposals in cases in which the Agent recommends voting AGAINST such proposal because relevant disclosure by the issuer, or the time provided for consideration of such disclosure, is inadequate.

### **Routine Management Proposals**

Generally, vote FOR the following and other similar routine management proposals:

the opening of the shareholder meeting

that the meeting has been convened under local regulatory requirements

the presence of quorum

the agenda for the shareholder meeting

the election of the chair of the meeting

the appointment of shareholders to co-sign the minutes of the meeting

regulatory filings (*e.g.*, to effect approved share issuances)

the designation of inspector or shareholder representative(s) of minutes of meeting

the designation of two shareholders to approve and sign minutes of meeting

the allowance of questions

the publication of minutes

the closing of the shareholder meeting

**Discharge of Management/Supervisory Board Members**

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Generally, vote FOR management proposals seeking the discharge of management and supervisory board members, unless there is concern about the past actions of the company's auditors or directors or legal action is being taken against the board by other shareholders.

### **Director Elections**

Unless otherwise provided for herein, the Agent's standards with respect to determining director independence shall apply. These standards generally provide that, to be considered completely independent, a director shall have no material connection to the company other than the board seat.

Agreement with the Agent's independence standards shall not dictate that a Fund's vote shall be cast according to the Agent's corresponding recommendation. Further, the application of Guidelines in connection with such standards shall apply only in cases in which the nominee's level of independence can be ascertained based on available disclosure. Votes on director nominees not subject to policies described herein should be made on a CASE-BY-CASE basis.

For issuers domiciled in Bermuda, Canada, Cayman Islands, British Virgin Islands or other tax haven markets, generally vote AGAINST non-independent directors in cases in which the full board serves as the audit committee, or the company does not have an audit committee.

For issuers in all markets, including those in tax haven markets and those in Japan that have adopted the U.S.-style board-with-committees structure, vote AGAINST non-independent directors who sit on the audit committee unless the slate of nominees is bundled, in which case the proposal(s) to elect board members shall be considered on a CASE-BY-CASE basis.

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In tax haven markets, DO NOT VOTE AGAINST non-independent directors in cases in which the full board serves as the compensation committee, or the company does not have a compensation committee.

DO NOT VOTE AGAINST non-independent directors who sit on the compensation or nominating committees, provided that such committees meet the applicable independence requirements of the relevant listing exchange.

In cases in which committee membership is unclear, consider non-independent director nominees on a CASE-BY-CASE basis if no other issues have been raised in connection with his/her nomination.

### **Independent Statutory Auditors**

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With respect to Japanese companies that have not adopted the U.S.-style board-with-committees structure, vote AGAINST any nominee to the position of independent statutory auditor whom the Agent considers affiliated, *e.g.*, if the nominee has worked a significant portion of his career for the company, its main bank or one of its top shareholders. Where shareholders are forced to vote on multiple nominees in a single resolution, vote AGAINST all nominees.

### **Nominating Committee**

Generally, vote AGAINST proposals that permit non-board members to serve on the nominating committee.

### **Director Remuneration**

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**Consider director compensation plans on a CASE-BY-CASE basis. Generally, vote FOR proposals to approve the remuneration of directors as long as the amount is not excessive and there is no evidence of abuse.**

Consider director compensation plans on a CASE-BY-CASE basis. Generally, vote FOR proposals to approve the



**Retirement Bonuses**

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With respect to Japanese companies, follow the Agent's guidelines for proposals regarding payment of retirement bonuses to directors and auditors: Generally vote FOR such proposals if all payments are for directors and auditors who have served as executives of the company. Generally vote AGAINST such proposals if one or more payments are for non-executive, affiliated directors or statutory auditors; when one or more of the individuals to whom the grants are being proposed (1) has not served in an executive capacity for the company for at least three years or (2) has been designated by the company as an independent statutory auditor, regardless of the length of time he/she has served.

### **Stock Option Plans**

With respect to Japanese companies, follow the Agent's guidelines with respect to proposals regarding option grants to independent internal statutory auditors, generally voting AGAINST such plans.

**Shares Reserved for Issuance of Options or Employee Share-Purchase Plans**

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Generally vote AGAINST option plans, or the issuance of shares in connection with such plans, that provide discounts to executives, are administered by potential grant recipients, or are markedly out of line with market practice. Consider proposals in connection with option plans or the issuance of shares in connection with them in other instances on a CASE-BY-CASE basis.

### **General Share Issuances**

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Generally vote AGAINST proposals to issue shares (with or without preemptive rights) in cases in which concerns have been identified by the Agent with respect to inadequate disclosure, inadequate restrictions on discounts, or authority to refresh share issuance amounts without prior shareholder approval. Consider such proposals on a CASE-BY-CASE basis in cases in which the issuance exceeds the Agent's guidelines for issuances based on percentage of capital or dilution.

### **Approval of Financial Statements and Director and Auditor Reports**

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Generally, vote FOR management proposals seeking approval of financial accounts and reports, unless there is concern about the company's financial accounts and reporting.

### **Remuneration of Auditors**

Generally, vote FOR proposals to authorize the board to determine the remuneration of auditors, unless there is evidence of excessive compensation relative to the size and nature of the company.

**Indemnification of Auditors**

Generally, vote **AGAINST** proposals to indemnify auditors.

**Allocation of Income and Dividends**



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Consider management proposals concerning allocation of income and the distribution of dividends on a CASE-BY-CASE basis.

### **Stock (Scrip) Dividend Alternatives**

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Generally, vote FOR most stock (scrip) dividend proposals, but vote AGAINST proposals that do not allow for a cash option unless management demonstrates that the cash option is harmful to shareholder value.

### **Debt Issuance Requests**

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When evaluating a debt issuance request, the issuing company's present financial situation is examined. The main factor for analysis is the company's current debt-to-equity ratio, or gearing level. A high gearing level may incline markets and financial analysts to downgrade the company's bond rating, increasing its investment risk factor in the process. A gearing level up to 100 percent is considered acceptable.

Generally, vote FOR debt issuances for companies when the gearing level is between zero and 100 percent. Review on a CASE-BY-CASE basis proposals where the issuance

of debt will result in the gearing level being greater than 100 percent, comparing any such proposed debt issuance to industry and market standards.

**Financing Plans**

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Generally, vote FOR the adoption of financing plans if they are in the best economic interests of shareholders.

**Related Party Transactions**

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Consider related party transactions on a CASE-BY-CASE basis. Generally, vote FOR approval of such transactions unless the agreement requests a strategic move outside the company's charter or contains unfavorable terms.

### **Capitalization of Reserves**

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Generally, vote FOR proposals to capitalize the company's reserves for bonus issues of shares or to increase the par value of shares.

### **Article Amendments**



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Review on a CASE-BY-CASE basis all proposals seeking amendments to the articles of association.

Generally, vote FOR an article amendment if:

- it is editorial in nature;
- shareholder rights are protected;
- there is negligible or positive impact on shareholder value;
- management provides adequate reasons for the amendments; or
- the company is required to do so by law (if applicable).

With respect to article amendments for Japanese companies:

Generally vote FOR management proposals to amend a company's articles to provide for an expansion or reduction in the size of the board, unless the expansion/reduction is clearly disproportionate to the growth/decrease in the scale of the business.

Generally follow the Agent's guidelines with respect to management proposals regarding amendments to authorize share repurchases at the board's discretion, voting AGAINST proposals unless there is little to no likelihood of a creeping takeover (major shareholder owns nearly enough shares to reach a critical control threshold) or constraints on liquidity (free float of shares is low), and where the company is trading at below book value or is facing a real likelihood of substantial share sales; or where this amendment is bundled with other amendments which are clearly in shareholders' interest.

### **Other Business**

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In connection with global proxies, vote in accordance with the Agent's market-specific recommendations on management proposals for Other Business, generally AGAINST.

**Item 8. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers**

None

**Item 9. Submission of Matters to a Vote of Security Holders.**

The Board has a Nominating Committee for the purpose of considering and presenting to the Board candidates it proposes for nomination to fill Independent Trustee vacancies on the Board. The Committee currently consists of all Independent Trustees of the Board (6 individuals). The Nominating Committee operates pursuant to a Charter approved by the Board. The primary purpose of the Nominating Committee is to consider and present to the Board the candidates it proposes for nomination to fill vacancies on the Board. In evaluating candidates, the Nominating Committee may consider a variety of factors, but it has not at this time set any specific minimum qualifications that must be met. Specific qualifications of candidates for Board membership will be based on the needs of the Board at the time of nomination.

The Nominating Committee is willing to consider nominations received from shareholders and shall assess shareholder nominees in the same manner as it reviews its own nominees. A shareholder nominee for director should be submitted in writing to the Fund's Secretary. Any such shareholder nomination should include at a minimum the following information as to each individual proposed for nomination as trustee: such individual's written consent to be named in the proxy statement as a nominee (if nominated) and to serve as a trustee (if elected), and all information relating to such individual that is required to be disclosed in the solicitation of proxies for election of trustees, or is otherwise required, in each case under applicable federal securities laws, rules and regulations.

The Secretary shall submit all nominations received in a timely manner to the Nominating Committee. To be timely, any such submission must be delivered to the Fund's Secretary not earlier than the 90<sup>th</sup> day prior to such meeting and not later than the close of business on the later of the 60<sup>th</sup> day prior to such meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of the meeting is first made, by either disclosure in a press release or in a document publicly filed by the Fund with the Securities and Exchange Commission.

**Item 10. Controls and Procedures.**

(a) Based on our evaluation conducted within 90 days of the filing date, hereof, the design and operation of the registrant's disclosure controls and procedures are effective to ensure that material information relating to the registrant is made known to the certifying officers by others within the appropriate entities, particularly during the period in which Forms N-CSR are being prepared, and the registrant's disclosure controls and procedures allow timely preparation and review of the information for the registrant's Form N-CSR and the officer certifications of such Form N-CSR.

(b) There were no significant changes in the registrant's internal controls that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 11. Exhibits.**

(a)(1) Code of Ethics pursuant to Item 2 of Form N-CSR is filed and attached hereto as EX-99.CODE ETH.

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act (17 CFR 270.30a-2) is attached hereto as EX-99.CERT.

(b) The officer certifications required by Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto as EX-99.906CERT.

(3) Not applicable.

**SIGNATURES**

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): ING Prime Rate Trust

By /s/ James M. Hennessy  
James M. Hennessy  
President and Chief Executive Officer

Date: May 5, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ James M. Hennessy  
James M. Hennessy  
President and Chief Executive Officer

Date: May 5, 2005

By /s/ Todd Modic  
Todd Modic  
Senior Vice President and Chief Financial Officer

Date: May 5, 2005