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ING PRIME RATE TRUST
Form N-CSRS
November 06, 2003

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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 85258

(Address of principal executive offices) (Zip code)

C T Corporation System, 101 Federal Street, Boston, MA 02110

(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: August 31, 2003

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):

SEMI-ANNUAL REPORT

SEMI-ANNUAL REPORT

AUGUST 31, 2003

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ING PRIME RATE TRUST

[GRAPHIC]

[ING FUNDS LOGO]

ING Prime Rate Trust

SEMI-ANNUAL REPORT

August 31, 2003

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ING Prime Rate Trust

PORTFOLIO MANAGERS' REPORT

Dear Shareholders:

ING Prime Rate Trust (the "Trust") is a diversified, closed-end 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.

PERFORMANCE SUMMARY

The Trust declared \$0.11 of common dividends during the second fiscal quarter ended August 31, 2003, which, based on the average month-end net asset value ("NAV") per share of \$7.01, resulted in an annualized distribution rate of 5.98%. (1) Total return (based on NAV) for the quarter was 3.43%, versus a gross total return of 2.09% for the S&P/LSTA Loan Index, while total return for the six months ended August 31, 2003 was 7.52%. The Trust's common shares also continued to perform well during the quarter. Total return based on the market value of the Trust's common shares (assuming full dividend reinvestment) for the quarter was 7.54% and was 19.52% for the six months. The returns for the S&P 500

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Index for the same time periods were 5.07% and 20.88% respectively.

MARKET/TRUST SPECIFIC DEVELOPMENT

The overall tone of the senior loan market continued to brighten during the quarter. Against the backdrop of an increasingly healthy macroeconomic picture and improving corporate earnings, the default rate on non-investment grade bank debt continued to decline, as evidenced by a 2.7% twelve-month lagging default rate at the end of August, as compared to 6.0% at the beginning of 2003. Further, many issuers that were struggling earlier in the year were able to take advantage of more receptive capital markets to improve their balance sheet and liquidity positions. The net effect has been a broad-based rally in loan prices and markedly improved investor sentiment.

Specific to the Trust, recent performance continues to be favorably impacted by three primary factors: 1) ongoing strength within sectors for which we have been increasing relative weightings; 2) further improvement in market prices for several of the Trust's larger holdings; and 3) continued decline in the number of existing non-performing assets. During the quarter, we increased our exposure to the Cable Television (10.5% of total assets at August 31, 2003, versus 8.6% at May 31, 2003) and Cellular Communications (8.3%, as compared to 7.4%) sectors. Both industry groups continue to display improving operating and credit trends, and renewed acceptance by -- and access to -- alternative capital markets. Buoyed largely by positive balance sheet developments at Charter Communications (3.2% of total assets as of August 31, 2003), each of the Trust's cable holdings gained ground during the quarter. The same can be said for the Trust's wireless positions, led by Nextel Communications (at 5.0% of total assets as of August 31, 2003, the single largest holding in the portfolio). We continue to monitor developments in both the cable and wireless sectors closely.

As a key component of our ongoing strategy, we remain focused on maintaining an appropriate level of diversification across both industry sector and issuer lines. During the quarter, the Trust's average amount outstanding per loan remained at roughly 0.3% of total loan assets, while the number of individual loans declined modestly, to 330 from 343, based largely on refinancing activities. As stated in prior reports, we continue to believe that adequate diversification represents the best line of defense against broad-based credit risk.

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USE OF LEVERAGE

The Trust utilizes financial leverage to seek to increase the yield to the holders of common shares. As of August 31, 2003, the Trust had \$484 million of leverage, consisting of \$450 million of "Aaa(2)/AAA(3)" rated cumulative auction rate preferred shares, and \$34 million outstanding under \$415 million in available credit facilities. Total leverage, as a percentage of total assets (including preferred shares), was 33.2% at quarter end. The weighted average leverage cost including all borrowings and preferred shares as of quarter end was 1.35%. While the use of leverage for investment purposes increases both investment opportunity and investment risk, we continue to deploy leverage only when it is in the best interest of the Trust's common shareholders.

OUTLOOK

Coming off the impressive turnaround in the secured loan market that commenced earlier in the year, we expect the balance of 2003 to be marked by relative stability. Clearly, given the rapid price appreciation experienced during the first half of the year, there generally remains minimal upside in existing loan prices. Nonetheless, near-term performance could be underpinned by continued

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improvement in credit and market conditions generally, and the continuation of a reasonably sanguine attitude on the part of loan investors. Moreover, the prospect of rising short-term rates in response to the now visible recovery in the U.S. economy bodes well for the performance of adjustable rate senior loans. As we move into the last part of 2003, we will continue to adhere to a disciplined investment strategy that seeks to maintain a high degree of diversification while attempting to take advantage of selective market opportunities.

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

/s/ Jeffrey A. Bakalar

/s/ Daniel A. Norman

Jeffrey A. Bakalar
SENIOR VICE PRESIDENT
CO-SENIOR PORTFOLIO MANAGER
AELTUS INVESTMENT MANAGEMENT, INC.

Daniel A. Norman
SENIOR VICE PRESIDENT
CO-SENIOR PORTFOLIO MANAGER
AELTUS INVESTMENT MANAGEMENT, INC.

ING Prime Rate Trust
October 15, 2003

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1. The distribution rate is calculated by annualizing dividends declared during the quarter 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.
2. Obligations rated Aaa by Moody's are judged to be of the highest quality, with minimal credit risk.
3. 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.

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.

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.

THIS LETTER 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 LETTER 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.

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INDEX DESCRIPTIONS

The S&P 500 INDEX is a capitalization-weighted index of 500 stocks chosen for market size, liquidity, and industry group representation.

The S&P/LSTA LEVERAGED LOAN INDEX ("LLI") is a 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.

ALL INDICES ARE UNMANAGED. AN INVESTOR CANNOT INVEST DIRECTLY IN AN INDEX.

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STATISTICS AND PERFORMANCE as of August 31, 2003

PORTFOLIO CHARACTERISTICS

Net Assets	\$	963,74
Assets Invested in Senior Loans	\$	1,372,97
Senior Loans Represented		
Average Amount Outstanding per Loan	\$	4,16
Industries Represented		
Average Loan Amount per Industry	\$	38,13
Portfolio Turnover Rate		
Weighted Average Days to Interest Rate Reset		50
Average Loan Final Maturity		51 m
Total Leverage as a Percentage of Total Assets (including Preferred Shares)		

TOP TEN INDUSTRY SECTORS AS A PERCENTAGE OF:

	NET ASSETS	TOTAL
Cable Television	15.8%	10.
Cellular Communications	12.6%	8.
Healthcare, Education and Childcare	10.9%	7.
Automotive	9.3%	6.
Leisure, Amusement and Entertainment	9.1%	6.
Containers, Packaging and Glass	8.8%	5.
Beverage, Food and Tobacco	6.5%	4.
Chemicals, Plastics and Rubber	6.5%	4.
Printing and Publishing	5.8%	3.
Diversified/Conglomerate Manufacturing	5.4%	3.

TOP TEN SENIOR LOAN ISSUERS AS A PERCENTAGE OF:

	NET ASSETS	TOTAL
Nextel Communications(1)	7.6%	5.
Charter Communications Operating, LLC	4.8%	3.
Wyndham International, Inc.	2.0%	1.

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Century Cable Holdings, Inc.	1.8%	1.
Olympus Cable Holdings, LLC	1.8%	1.
Safelite Glass Corporation	1.8%	1.
Graphic Packaging International, Inc.	1.8%	1.
Community Health Systems, Inc.	1.8%	1.
Dean Foods Company	1.6%	1.
Lamar Media Corporation	1.6%	1.

 (1) INCLUDES NEXTEL FINANCE COMPANY AND NEXTEL OPERATIONS, INC.

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YIELDS AND DISTRIBUTION RATES

QUARTER ENDED	PRIME RATE	NET ASSET VALUE ("NAV") 30-DAY SEC YIELD (A)	MARKET 30-DAY SEC YIELD (A)	AVERAGE ANNUALIZED DISTRIBUTION RATE AT NAV (B)	AVE ANNU DISTR RATE AT
-----	-----	-----	-----	-----	-----
August 31, 2003	4.00%	5.82%	5.45%	5.98%	5
May 31, 2003	4.25%	6.93%	6.75%	6.16%	6
February 28, 2003	4.25%	6.93%	7.23%	6.52%	6
November 30, 2002	4.25%	8.02%	9.10%	6.86%	7

AVERAGE ANNUAL TOTAL RETURNS

	NAV	MARKET
1 Year	10.16%	35.41%
3 Years	0.86%	3.33%
5 Years	2.81%	2.69%
10 Years	6.14%	6.44%
Since Trust Inception(F), (H)	6.58%	N/A
Since Initial Trading on NYSE(G)	N/A	6.69%

ASSUMES RIGHTS WERE EXERCISED AND EXCLUDES SALES CHARGES AND COMMISSIONS(C), (D), (E)

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.

See statistics and performance footnotes on page 7.

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STATISTICS AND PERFORMANCE FOOTNOTES

(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)

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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 open-end 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.
- (C) 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) on the last business day before the first day of the stated period, with all dividends and distributions reinvested at the actual reinvestment price.
- (D) On December 27, 1994, the Trust issued to its shareholders transferable rights which entitled the holders to subscribe for 17,958,766 shares of the Trust's common stock at the rate of one share of common stock for each four rights held. On January 27, 1995, the offering expired and was fully subscribed. The Trust issued 17,958,766 shares of its common stock to exercising rights holders at a subscription price of \$8.12. Offering costs of \$4,470,955 were charged against the offering proceeds.
- (E) 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.
- (F) Inception Date -- May 12, 1988. Since inception return is not applicable since the Trust did not trade on the NYSE prior to March 9, 1992.
- (G) Initial Trading on NYSE -- March 9, 1992.
- (H) Reflects partial waiver of fees.

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ADDITIONAL NOTES AND INFORMATION

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 \$25,000 on a monthly basis. Amounts in excess of \$25,000 require prior approval of the Trust. DST Systems, Inc., the Trust's Transfer Agent, is the administrator for the Program.

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 may issue new shares 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

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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 may be issued by the Trust when the market price plus estimated commissions is equal to or exceeds the net asset value on the valuation date.

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 our Shareholder Services Department at (800) 992-0180.

KEY FINANCIAL DATES -- CALENDAR 2003 DIVIDENDS:

DECLARATION DATE -----	EX-DIVIDEND DATE -----	PAYABLE DATE -----
January 31	February 6	February 25
February 28	March 6	March 24
March 31	April 8	April 23
April 30	May 8	May 22
May 30	June 6	June 23
June 30	July 8	July 22
July 31	August 7	August 22
August 29	September 8	September 22
September 30	October 8	October 22
October 31	November 6	November 24
November 28	December 8	December 22
December 19	December 29	January 13, 2004

RECORD DATE WILL BE TWO BUSINESS DAYS AFTER EACH EX-DIVIDEND DATE. THESE DATES ARE SUBJECT TO CHANGE.

STOCK DATA

The Trust's 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.

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STATEMENT OF ASSETS AND LIABILITIES as of August 31, 2003 (Unaudited)

ASSETS:

Investments in securities at value (Cost \$1,495,277,021)	\$	1,43
Cash		1
Receivables:		

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Interest	
Other	
Prepaid expenses	

Total assets	1,45

LIABILITIES:	
Notes payable	3
Deferred arrangement fees on senior loans	
Dividends payable -- preferred shares	
Payable to affiliates	
Accrued trustees' fees	
Other accrued expenses	

Total liabilities	4

Preferred shares, \$25,000 stated value per share at liquidation value (18,000 shares outstanding)	45

NET ASSETS	\$ 96
	=====
Net assets value per common share outstanding (net assets less preferred shares at liquidation value, divided by 137,287,725 shares of beneficial interest authorized and outstanding, no par value)	\$

NET ASSETS CONSIST OF:	
Paid-in capital	\$ 1,29
Undistributed net investment income	1
Accumulated net realized loss on investments	(27
Net unrealized depreciation of investments	(6

NET ASSETS	\$ 96
	=====

See Accompanying Notes to Financial Statements

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STATEMENT OF OPERATIONS for the Six Months Ended August 31, 2003 (Unaudited)

INVESTMENT INCOME:	
Interest	\$ 4
Arrangement fees earned	
Dividends	
Other	

Total investment income	4

EXPENSES:	
Investment management fees	
Administration fees	
Transfer agent fees	
Interest expense	
Shareholder reporting expense	
Custodian fees	
Revolving credit facility fees	
Professional fees	
Preferred Shares -- Dividend disbursing agent fees	

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Insurance expense		
Pricing expense		
ICI fees		
Postage expense		
Trustees' fees		
Miscellaneous expense		
Total expenses		1
Net investment income		3
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS:		
Net realized loss on investments		(3)
Net change in unrealized appreciation of investments		6
Net realized and unrealized gain on investments		3
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:		
From net investment income		(
Net increase in net assets resulting from operations		\$ 6

See Accompanying Notes to Financial Statements

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STATEMENTS OF CHANGES IN NET ASSETS

	SIX MONTHS ENDED AUGUST 31, 2003 ---- (UNAUDITED)	
INCREASE IN NET ASSETS FROM OPERATIONS:		
Net investment income	\$ 33,889,441	\$
Net realized loss on investments	(30,356,789)	
Net change in unrealized appreciation on investments	66,833,349	
Distributions to preferred shareholders from net investment income	(2,665,338)	
Net increase (decrease) in net assets resulting from operations	67,700,663	
DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
Distributions from net investment income	(28,651,386)	
Decrease in net assets from distributions to common shareholders	(28,651,386)	
CAPITAL SHARE TRANSACTIONS:		
Dividends reinvested for common shares	2,313,805	
Net increase from capital share transactions	2,313,805	

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Net increase (decrease) in net assets	41,363,082	
NET ASSETS:		
Beginning of period	922,383,342	
End of period (including undistributed net investment income of \$14,296,066 and \$11,723,349, respectively)	\$ 963,746,424	\$

See Accompanying Notes to Financial Statements

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STATEMENT OF CASH FLOWS for the Six Months Ended August 31, 2003 (Unaudited)

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES:

Interest received		\$ 3
Dividends received		
Facility fees paid		
Dividends paid to preferred shareholder		(
Arrangement fees received		
Other income received		
Interest paid		(
Other operating expenses paid		(
Purchases of securities		(52
Proceeds from sales of securities		67

Net cash provided by operating activities		\$ 17

CASH FLOWS FROM FINANCING ACTIVITIES:

Dividends paid to common shareholders		(2
Net repayment of notes payable		(13
Dividends reinvested for common shares		

Net cash flows used in financing activities		(15

Net change in cash		1
Cash at beginning of period		

Cash at end of period		\$ 1

RECONCILIATION OF NET INCREASE IN NET ASSETS RESULTING FROM

OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Net increase in net assets resulting from operations		\$ 6

Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:

Change in unrealized depreciation of securities		(6
Net accretion of discounts on securities		(
Realized loss on sale of securities		3
Purchase of securities		(52
Proceeds on sale of securities		67
Increase in other assets		
Decrease in interest receivable		
Decrease in prepaid expenses		
Increase in deferred arrangement fees on senior loans		

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Increase in dividends payable -- preferred shareholder
 Increase in payable to affiliate
 Increase in accrued trustees' fees
 Increase in other accrued expenses

Total adjustments

Net cash provided by operating activities

 10

 \$ 17
 =====

See Accompanying Notes to Financial Statements

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FINANCIAL HIGHLIGHTS

For a common share outstanding throughout the period

	SIX MONTHS ENDED AUGUST 31, 2003	YEARS EN -----
----- (UNAUDITED)		
PER SHARE OPERATING PERFORMANCE		
Net asset value, beginning of period	\$ 6.73	
Net investment income	\$ 0.23	
Net realized and unrealized gain (loss) on investments	\$ 0.29	

Increase (decrease) in net asset value from investment operations	\$ 0.52	
Distributions to Common Shareholders from net investment income	\$ (0.21)	
Distribution to Preferred Shareholders	\$ (0.02)	
Increase in net asset value from share offerings	\$ --	
Reduction in net asset value from Preferred Shares offerings	\$ --	

Net asset value, end of period	\$ 7.02	
	=====	
Closing market price at end of period	\$ 7.37	
TOTAL INVESTMENT RETURN(1)		
Total investment return at closing market price(2)	%	19.52
Total investment return at net asset value(3)	%	7.52
RATIOS/SUPPLEMENTAL DATA		
Net assets end of period (000's)	\$	963,746 9
Preferred Shares-Aggregate amount outstanding (000's)	\$	450,000 4
Liquidation and market value per share of Preferred Shares	\$	25,000
Borrowings at end of period (000's)	\$	34,000 1
Asset coverage ratios(6)	%	299
Average borrowings (000's)	\$	105,598 1
Ratios to average net assets including Preferred Shares(7)		
Expenses (before interest and other fees related to revolving credit facility) (8)	%	1.43
Expenses(8)	%	1.59
Net investment income(8)	%	4.83
Ratios to average net assets plus borrowing		
Expenses (before interest and other fees related to		

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- (1) Total investment return calculations are attributable to common shareholders.
- (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 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) The Investment Manager agreed to reduce its fee for a period of three years from the Expiration Date of the November 12, 1996 Rights Offering to 0.60% of the average daily net assets, plus the proceeds of any outstanding borrowings, over \$1.15 billion.
- (5) Calculated on total expenses before impact on earnings credits.
- (6) 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.
- (7) Ratios do not reflect the effect of dividend payments to Preferred Shareholders; income ratios reflect income earned on assets attributable to preferred shares.
- (8) Annualized for periods less than one year.

See Accompanying Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS as of August 31, 2003 (Unaudited)

NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES

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, investment management company. The Trust invests in senior loans which are exempt from registration under the Securities Act of 1933 as amended (the "33 Act"), but 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. 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 principles generally accepted in the United States of America.

- A. SENIOR LOAN AND OTHER SECURITY VALUATION. Loans are normally valued at the mean of the means of one or more bid and asked quotations obtained from a 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 quotations are more 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 quotations from dealers in loans and to calculate values under the proxy procedure described above. As of August 31, 2003, 94.68% of total investments were valued based on these

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procedures. It is expected that most of the loans held by the Trust will 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 Aeltus Investment Management, Inc. ("ING Aeltus" the "Sub-Advisor"), 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 that the Investment Manager 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. Under these procedures, fair value is determined by the Investment Manager and monitored by the Trust's Board of Trustees through its Valuation 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; (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 NASDAQ official closing price. Debt and equity securities traded in the over-the-counter market and listed securities for

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which no sale was reported on that date are valued at the mean between the last reported bid and asked price. Securities other than senior loans for which reliable quotations are not readily available and all other assets will be valued at their respective fair values as determined in good faith by, or under procedures established by, the Board of Trustees of the Trust. Investments in securities maturing in less than 60 days from the date of acquisition are valued at amortized cost.

- B. FEDERAL INCOME TAXES. It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to "regulated investment companies" and to distribute all of its taxable income to its shareholders. Therefore, no provision for Federal income taxes is required. In addition, by distributing during each calendar year substantially all of its net investment income and net realized capital gains (if any), the Trust intends not to be subject to any federal excise tax.
- C. SECURITY TRANSACTIONS AND REVENUE RECOGNITION. Loans are booked on a settlement date basis and security transactions are accounted for on trade date (date the order to buy or sell is executed). Realized gains or losses

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are reported on the basis of identified cost of securities delivered. 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 nonaccrual senior loans are generally applied as a reduction to the recorded investment of the loan. Senior loans are returned to accrual status only after all past due amounts have been received. For all loans acquired prior to March 1, 2001, arrangement fees, which represent non-refundable fees associated with the acquisition of loans are 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 are treated as discounts and accreted as described in Note 1.H. Fees associated with revolving credit facilities acquired subsequent to February 28, 2001 are deferred and recognized over the shorter of 4 years or the actual term of the loan.

- D. DISTRIBUTIONS TO COMMON SHAREHOLDERS. The Trust records distributions to its shareholders on the ex-dividend date. Distributions from income are declared by the Trust on a monthly basis. Distributions from capital gains, if any, are declared on an annual basis.
- E. DIVIDEND REINVESTMENTS. Pursuant to the 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 only when the closing sale or bid price plus commission is less than the net asset value per share of the stock on the valuation date. If the market price plus commissions is equal to or exceeds the net asset value, new shares are 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%.
- 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. Actual results could differ from these estimates.
- G. SHARE OFFERINGS. During 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.

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- H. CHANGE IN ACCOUNTING PRINCIPLE. In November 2000 the American Institute of Certified Public Accountants (the "AICPA") issued a revised version of the AICPA Audit and Accounting Guide for Investment Companies (the "Guide"). Effective March 1, 2001, the Fund adopted the provisions of the Guide and began amortizing premiums and accreting discounts on debt securities. Prior to March 1, 2001, the Trust had not amortized premiums nor accreted discounts. The cumulative effect of this accounting change had no impact on net assets of the Trust, but resulted in a \$3,653,000 increase in the cost of securities and a corresponding \$3,653,000 increase in net unrealized depreciation of investments, based on securities held by the Trust on March 1, 2001.

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NOTE 2 -- INVESTMENTS

For the six months ended August 31, 2003, the cost of purchases and the proceeds from principal repayment and sales of investments, excluding short-term notes, totaled \$515,831,953 and \$665,034,023, respectively. At August 31, 2003, the Trust held senior loans valued at \$1,372,978,553 representing 96.0% of its total investments. The market value of these assets is established as set forth in Note 1.

The senior loans acquired by the Trust may take the form of a direct lending relationship with the borrower, an assignment of a lender's interest in a loan. The lead lender in a typical corporate loan syndicate administers the loan and monitors collateral. In the event that the lead lender becomes insolvent, enters FDIC receivership or, if not FDIC insured, enters into bankruptcy, the Trust may incur certain costs and delays in realizing payment, or may suffer a loss of principal and/or interest.

Common and preferred shares, and stock purchase warrants held in the portfolio were acquired in conjunction with senior 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 warrant.

The Fund values portfolio securities by using the market value of the securities when reliable market value quotations for the securities are readily available. When reliable market value quotations are not readily available, the Fund determines, in good faith, the fair value of the

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securities in accordance with the Trust's fair valuation procedures as established by the Board of Trustees. Dates of acquisition and cost or assigned basis of restricted securities are as follows:

	DATE OF ACQUISITION -----
Allied Digital Technologies Corporation -- Residual Interest in Bankruptcy Estate	06/05/02
AM Cosmetics Corporation -- Liquidation Interest	03/07/03
Block Vision Holdings Corporation -- Common Shares	09/30/02
Boston Chicken Inc. -- Residual Interest in Boston Chicken Plan Trust	12/26/00
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
Enterprise Profit Solutions -- Liquidation Interest	10/21/02
Euro United Corporation -- Residual Interest in Bankruptcy Estate	06/21/02
Exide Technologies -- Warrants	11/30/01
Gevity HR -- Common Shares	07/21/97
Grand Union Company -- Residual Interest in Bankruptcy Estate	07/01/02
Holmes Products Corporation -- Warrants	10/24/01
Humphreys, Inc. -- Residual Interest in Bankruptcy Estate	05/15/02
Imperial Home Decor Group, Inc. -- Common Shares	05/02/01
IHDG Realty -- Common Shares	05/02/01
Insilco Technologies -- Residual Interest in Bankruptcy Estate	05/02/03

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Intera Group, Inc. -- Common Shares	11/29/02
Kevco, Inc. -- Residual Interest in Bankruptcy Estate	06/05/02
Morris Material Handling, Inc. -- Common Shares	10/09/01
MP Holdings, Inc. -- Common Shares	04/16/01
Murray's Discount Auto Stores, Inc. -- Escrow	08/11/03
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
Neoplan USA Corporation -- Series D Preferred Shares	08/29/03
New Piper Aircraft -- Residual Interest in Litigation Proceeds	07/02/03
New World Restaurant Group, Inc. -- Warrants	09/27/01
Safelite Glass Corporation -- Common Shares	09/12/00
Safelite Realty -- Common Shares	09/12/00
Sarcom Corporation -- Common Shares	12/11/02
Sarcom Corporation -- Preferred Shares	12/11/02
Scientific Games Corporation -- Warrants	05/11/01
Soho Publishing -- Common Shares	01/10/02
Stellex Aerostructures, Inc. -- Common Shares	10/17/01
Targus Group, Inc. -- Common Shares	03/11/03
Tartan Textile Services, Inc. -- Series D Preferred Shares	07/16/01
Tartan Textile Services, Inc. -- Series E Preferred Shares	07/16/01
Telinget, Inc. -- Common Shares	09/18/02
Tembec, Inc. -- Common Shares	01/08/02
Transtar Metals -- Residual Interest in Bankruptcy Estate	01/09/03
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	06/11/02

Total restricted securities excluding senior loans (market value of \$32,355,438 was 3.4% of net assets at August 31, 2003)

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NOTE 3 -- MANAGEMENT AND ADMINISTRATION AGREEMENTS

The Trust has entered into an Investment Management Agreement with the Investment Manager, a wholly-owned subsidiary of ING Funds 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 average daily net assets (inclusive of preferred stock) plus borrowings ("Managed Assets").

The Investment Manager entered into a subadvisory agreement with ING Aeltus, 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 Aeltus 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.

At August 31, 2003, the Trust had the following amounts recorded in payable to affiliates on the accompanying Statement of Assets and Liabilities:

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ACCRUED INVESTMENT MANAGEMENT FEES	ACCRUED ADMINISTRATIVE FEES	TOTAL
\$ 979,448	\$ 306,077	\$ 1,285,525

The Trust has adopted a Retirement Policy covering all independent trustees of the Trust who will have served as a 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 4 -- COMMITMENTS

The Trust has entered into both a \$90 million 364-day revolving credit agreement which matures on August 25, 2004 and a \$325 million 364-day revolving securitization facility which matures on June 12, 2004, 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 any unborrowed amounts are amortized over the term of the agreements. The amount of borrowings outstanding at August 31, 2003, was \$34 million, at a weighted average interest rate of 1.8%. The amount of borrowings represented 2.3% of total assets at August 31, 2003. Average borrowings for the period ended August 31, 2003 were \$105,597,826 and the average annualized interest rate was 2.1%.

As of August 31, 2003, the Trust had unfunded loan commitments pursuant to the terms of the following loan agreements:

Amerco, Inc.	\$ 11,744,035
Aurora Foods, Inc.	91,429
Block Vision Holdings Corporation	118,771
Centennial Cellular Operating Company	2,000,000
Cincinnati Bell, Inc.	977,392
Citadel Broadcasting Company	3,500,000
Express Script, Inc.	3,092,006
Fleming Companies, Inc.	1,204,412
Hercules Inc.	1,500,000
Houghton Mifflin Company	1,923,077
Levi Strauss & Company	2,033,333
Lyondell Chemical Company	9,000,000
Neoplan USA Corporation	\$ 2,057,038
Nextel Finance Company	8,524,898
Park Place Entertainment Corporation	4,951,971
Primedia, Inc.	1,223,947
Relizon Company	7,556,646
Sears Roebuck and Company	10,000,000
Six Flags Theme Parks, Inc.	3,000,000
Smurfit-Stone Container	2,046,432
United Defense Industries, Inc.	3,000,000
Waste Connections, Inc.	4,862,069
Western Wireless Corporation	6,000,000

	\$ 90,437,456
	=====

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NOTE 5 -- RIGHTS AND OTHER OFFERINGS

As of August 31, 2003, share offerings pursuant to shelf registrations were as follows:

REGISTRATION DATE -----	SHARES REGISTERED -----	SHARES REMAINING -----
6/11/98	15,000,000	--
6/19/98	10,000,000	9,730,800
9/15/98	25,000,000	19,170,354
3/04/99	5,000,000	3,241,645

On November 2, 2000, the Trust issued 3,600 shares each of Series M, Series W and Series F Auction Rate Cumulative Preferred Shares, \$.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, \$.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. The Trust may reborrow amounts in the future to increase its use of leverage which will be consistent with the limitations imposed by the 1940 Act. 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.

NOTE 6 -- 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 period ended August 31, 2003.

NOTE 7 -- SUBORDINATED LOANS AND 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 August 31, 2003, the Trust held 2.1% of its total assets in subordinated loans and unsecured loans.

NOTE 8 -- FEDERAL INCOME TAXES

Dividends paid by the Trust from net investment income and distributions of net realized short-term capital gains (if any) are, for federal income tax purposes, taxable as ordinary income to shareholders. The tax composition of dividends and distributions to common shareholders for six months ended August 31, 2003 and year ended February 28, 2003 were as follows:

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	ORDINARY INCOME -----	LONG-TERM CAPITAL GAINS -----	TAX RETURN OF CAPITAL -----
August 31, 2003	\$ 28,651,386	\$ --	\$ --
February 28, 2003	61,643,423	--	--

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 generally accepted accounting principles. These "book/tax" differences are either considered temporary or

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permanent in nature. Key differences are the treatment of short-term capital gains, foreign currency transactions, organization costs and other temporary differences. To the extent that these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassifications. To the extent distributions exceed net investment income and/or net realized capital gains for tax purposes, they are reported as distributions of paid-in capital.

NOTE 9 -- SUBSEQUENT EVENTS

Subsequent to August 31, 2003, the Trust paid to Common Shareholders the following dividends from net investment income:

PER SHARE AMOUNT -----	DECLARATION DATE -----	RECORD DATE -----	PAYABLE -----
\$ 0.0340	9/30/03	10/10/03	10/22/03

Subsequent to August 31, 2003, the Trust paid to Preferred Shareholders the following dividends from net investment income:

PREFERRED SHARES -----	TOTAL PER SHARE AMOUNT -----	AUCTION DATES -----	RECORD DATES -----	PAY DA -----
Series M	\$ 32.89	09/08/03 to 10/10/03	09/16/03 to 10/20/03	09/16/03
Series T	\$ 33.53	09/02/03 to 10/07/03	09/09/03 to 10/14/03	09/10/03
Series W	\$ 32.33	09/03/03 to 10/08/03	09/10/03 to 10/15/03	09/11/03
Series Th	\$ 31.14	09/04/03 to 10/09/03	09/11/03 to 10/16/03	09/12/03
Series F	\$ 33.23	09/05/03 to 10/10/03	09/12/03 to 10/17/03	09/15/03

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PORTFOLIO OF INVESTMENTS as of August 31, 2003 (Unaudited)

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SENIOR LOANS*: 142.5%

PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
AEROSPACE AND DEFENSE: 2.6%			
	ALLIANT TECHSYSTEMS, INC.	Ba2	BB-
\$ 2,282,527	Term Loan, maturing April 20, 2009		
	DRS TECHNOLOGIES, INC.	Ba3	BB-
1,965,053	Term Loan, maturing September 30, 2008		
	PIEDMONT AVIATION SERVICES	NR	NR
4,680,432	Term Loan, maturing July 23, 2006		
4,680,432	Term Loan, maturing July 23, 2007		
	TITAN CORPORATION	Ba3	BB-
2,970,000	Term Loan, maturing June 30, 2009		
	TRANSDIGM, INC.	B1	B+
2,000,000	Term Loan, maturing July 22, 2010		
	UNITED DEFENSE INDUSTRIES, INC.	Ba3	BB
6,224,849	Term Loan, maturing August 13, 2009		
AUTOMOTIVE: 9.3%			
	AFTERMARKET TECHNOLOGY CORPORATION	Ba2	BB-
1,718,025	Term Loan, maturing February 08, 2008		
1,249,438	Term Loan, maturing February 08, 2008		
	AMERICAN AXLE & MANUFACTURING, INC.	Ba1	BB+
5,116,000	Term Loan, maturing April 30, 2006		
	COLLINS & AIKMAN PRODUCTS	B1	B+
4,413,703	Term Loan, maturing December 31, 2005		
	DURA OPERATING CORPORATION	Ba3	BB
3,168,000	Term Loan, maturing December 31, 2008		
(2)	EXIDE TECHNOLOGIES	NR	D
1,612,012 (3)	Revolver, maturing December 18, 2003		
371,195 (3)	Term Loan, maturing December 18, 2003		
3,227,260 (3)	Term Loan, maturing March 18, 2005		
(2)	FEDERAL-MOGUL CORPORATION	Ca	D
1,500,000	Term Loan, maturing February 24, 2004		
5,880,000	Term Loan, maturing February 24, 2005		
	FORD MOTOR CREDIT COMPANY	A3	BBB
10,000,000	Floating Rate Note, maturing October 25, 2004		
	GOODYEAR TIRE & RUBBER COMPANY	Ba2	BB+
5,500,000	Term Loan, maturing March 31, 2006		
	HLI OPERATING COMPANY, INC.	Ba3	BB-
5,000,000	Term Loan, maturing June 03, 2009		
	METALDYNE COMPANY, LLC	B2	BB-
3,990,000	Term Loan, maturing December 31, 2009		
	POLYPORE, INC.	Ba3	BB-
5,431,250	Term Loan, maturing December 31, 2007		
	SAFELITE GLASS CORPORATION	B3	B+
6,729,690	Term Loan, maturing September 30, 2007		
10,823,607	Term Loan, maturing September 30, 2007		
	STONERIDGE, INC.	Ba3	BB
575,000	Term Loan, maturing April 30, 2008		

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	MOODY'S	S&P
AUTOMOTIVE (CONTINUED)				
	TENNECO AUTOMOTIVE, INC.		B1	B
\$ 1,281,583	Term Loan, maturing November 04, 2007			
1,281,583	Term Loan, maturing May 04, 2008			
	TRW AUTOMOTIVE ACQUISITIONS CORPORATION		Ba2	BB
11,000,000	Term Loan, maturing February 28, 2011			
	UNITED COMPONENTS, INC.		B1	BB-
3,500,000	Term Loan, maturing June 30, 2010			
BANKING: 0.6%				
	(2) OUTSOURCING SOLUTIONS, INC.		NR	D
12,055,854	(3) Term Loan, maturing June 10, 2006			
BEVERAGE, FOOD AND TOBACCO: 6.5%				
	AURORA FOODS, INC.		B3	CC
1,908,571	Revolver, maturing June 30, 2005			
3,080,832	Term Loan, maturing June 30, 2005			
	BIRDS EYE FOODS, INC.		Ba3	B+
6,959,969	Term Loan, maturing June 30, 2008			
	COMMONWEALTH BRANDS, INC.		Ba3	BB-
7,221,500	Term Loan, maturing August 28, 2007			
	CONSTELLATION BRANDS, INC.		Ba1	BB
5,225,250	Term Loan, maturing November 30, 2008			
	COTT BEVERAGES, INC.		Ba3	BB+
170,000	Term Loan, maturing December 31, 2006			
	CP KELCO APS		B3	B
3,031,650	Term Loan, maturing March 31, 2008			
1,008,020	Term Loan, maturing September 30, 2008			
	DEAN FOODS COMPANY		Ba1	BB+
15,339,361	Term Loan, maturing July 15, 2008			
	DEL MONTE CORPORATION		Ba3	BB-
4,632,124	Term Loan, maturing December 20, 2010			
	(2) FLEMING COMPANIES, INC.		B3	D
2,141,029	Revolver, maturing June 18, 2007			
1,685,300	Term Loan, maturing June 18, 2008			
	INTERSTATE BRANDS CORPORATION		Ba2	BBB-
941,272	Term Loan, maturing July 19, 2007			
990,000	Term Loan, maturing July 19, 2007			
	MAFCO WORLDWIDE CORPORATION		B1	B
1,913,076	Term Loan, maturing March 31, 2006			
	NATIONAL DAIRY HOLDINGS, L.P.		Ba2	BB+
2,468,750	Term Loan, maturing April 30, 2009			
	NUTRASWEET ACQUISITION CORPORATION		Ba3	NR
384,204	Term Loan, maturing June 30, 2006			
	REDDY ICE GROUP, INC.		B1	B+

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2,000,000	Term Loan, maturing August 15, 2009 SOUTHERN WINE & SPIRITS OF AMERICA, INC.	Ba3	BBB-
1,980,000	Term Loan, maturing July 02, 2008		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
BUILDINGS AND REAL ESTATE: 1.0%			
	(2) AMERCO, INC.	NR	NR
\$ 225,966	Debtor in Possession Term Loan, maturing August 13, 2004		
	BUILDING MATERIALS HOLDING CORPORATION	Ba2	BB-
2,000,000	Term Loan, maturing August 21, 2010		
	(2) HQ GLOBAL WORKPLACES, INC.	NR	NR
3,865,243	(3) Term Loan, maturing November 06, 2005		
	MACERICH PARTNERSHIP, L.P.	Ba2	NR
4,723,200	Term Loan, maturing July 26, 2005		
	WERNER HOLDINGS COMPANY, INC.	Ba3	B+
1,000,000	Term Loan, maturing June 11, 2009		
CABLE TELEVISION: 15.8%			
	(2) ADELPHIA COMMUNICATIONS CORPORATION	NR	BBB
2,945,693	Debtor in Possession Term Loan, maturing June 25, 2004		
	BRESNAN COMMUNICATIONS, LLC	B1	BB-
5,000,000	Term Loan, maturing December 31, 2007		
	CC VI OPERATING COMPANY, LLC	B2	CCC+
10,252,739	Term Loan, maturing November 12, 2008		
	CC VIII OPERATING, LLC	B2	B-
4,432,500	Term Loan, maturing February 02, 2008		
	(2) CENTURY CABLE HOLDINGS, LLC	Caa1	D
1,230,000	Revolver, maturing March 31, 2009		
15,000,000	Term Loan, maturing June 30, 2009		
5,000,000	Term Loan, maturing December 31, 2009		
	CHARTER COMMUNICATIONS OPERATING, LLC	B2	B
33,139,417	Term Loan, maturing March 18, 2008		
16,313,699	Term Loan, maturing September 18, 2008		
	COMCAST CABLE COMMUNICATIONS	Ba1	BBB
10,000,000	Term Loan, maturing November 05, 2006		
	FALCON CABLE COMMUNICATIONS, LLC	B2	BB
1,284,138	Term Loan, maturing December 31, 2007		
	(2) FRONTIERVISION OPERATING PARTNERS, L.P.	B2	D
2,593,939	Revolver, maturing October 31, 2005		
2,000,000	Term Loan, maturing September 30, 2005		
2,400,000	Term Loan, maturing March 31, 2006		
	(2) HILTON HEAD COMMUNICATIONS, L.P.	Caa1	NR

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4,000,000	Revolver, maturing September 30, 2007 INSIGHT MIDWEST HOLDINGS, LLC	Ba3	BB+
14,500,000	Term Loan, maturing December 31, 2009 MCC IOWA MEDIACOM BROADBAND	Ba3	BB+
13,500,000	Term Loan, maturing September 30, 2010 (2) OLYMPUS CABLE HOLDINGS, LLC	B2	D
2,000,000	Term Loan, maturing June 30, 2010		
18,250,000	Term Loan, maturing September 30, 2010		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
CARGO TRANSPORT: 1.9%			
\$ 2,000,000	(2) AMERICAN COMMERCIAL LINES, LLC Debtor in Possession Term Loan, maturing July 31, 2004	Ba3	NR
1,258,356	(2) AMERICAN COMMERCIAL LINES, LLC Term Loan, maturing June 30, 2006	Caa1	D
1,804,934	Term Loan, maturing June 30, 2007 CSX/HORIZON LINES, LLC	Ba3	BB-
1,664,286	Term Loan, maturing February 27, 2009 GEMINI LEASING, INC.	B1	NR
4,117,116	(3) Term Loan, maturing August 12, 2005 NEOPLAN USA CORPORATION	NR	NR
5,442,111	Term Loan, maturing June 30, 2006 PACER INTERNATIONAL, INC.	B1	BB-
2,788,235	Term Loan, maturing June 10, 2010 TEREX CORPORATION	B1	BB-
1,965,025	Term Loan, maturing December 31, 2009		
CELLULAR COMMUNICATIONS: 12.6%			
1,015,735	AIRGATE PCS, INC. Term Loan, maturing June 06, 2007	B2	CCC-
11,868,789	Term Loan, maturing September 30, 2008 CENTENNIAL CELLULAR OPERATING CORPORATION	B3	B
1,898,194	Term Loan, maturing November 30, 2006 CENTENNIAL PUERTO RICO OPERATIONS CORPORATION	B3	B
632,731	Term Loan, maturing November 30, 2006 INDEPENDENT WIRELESS ONE CORPORATION	Caa1	D
10,000,000	(3) Term Loan, maturing June 20, 2008 MICROCELL TELECOMMUNICATIONS, INC.	NR	CCC+
2,489,235	Term Loan, maturing March 01, 2006 NEXTEL FINANCE COMPANY	Ba2	BB
777,734	Revolver, maturing December 31, 2007		
29,979,462	Term Loan, maturing December 31, 2007		

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1,739,339	Term Loan, maturing June 30, 2008		
1,739,339	Term Loan, maturing December 31, 2008		
38,312,488	Term Loan, maturing March 31, 2009 NEXTEL OPERATIONS, INC.	Ba2	BB
2,006,617	Term Loan, maturing February 10, 2007 RURAL CELLULAR CORPORATION	B2	B-
3,000,000	Term Loan, maturing April 03, 2008		
3,459,377	Term Loan, maturing October 03, 2008		
3,459,377	Term Loan, maturing April 03, 2009 WESTERN WIRELESS CORPORATION	B3	B-
4,000,000	Revolver, maturing March 31, 2008		
6,825,000	Term Loan, maturing March 31, 2008		
4,135,439	Term Loan, maturing September 30, 2008		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED) MOODY'S	S&P
CHEMICALS, PLASTICS AND RUBBER: 6.5%			
	ACADIA ELASTOMERS CORPORATION	NR	NR
\$ 8,503,650	Term Loan, maturing March 31, 2004 EQUISTAR CHEMICALS, L.P.	Ba2	BB
4,950,238	Term Loan, maturing August 24, 2007 FMC CORPORATION	Ba1	BBB-
3,980,000	Term Loan, maturing October 21, 2007 GEO SPECIALTY CHEMICALS, INC.	B3	CCC+
1,740,101	Term Loan, maturing December 31, 2007 HERCULES, INC.	Ba1	BB
4,975,000	Term Loan, maturing May 15, 2007 HUNTSMAN, LLC	B2	B+
4,579,474	Term Loan, maturing March 31, 2007		
9,393,213	Term Loan, maturing March 31, 2007 HUNTSMAN INTERNATIONAL, LLC	B1	B+
509,663	Term Loan, maturing June 30, 2005		
4,624,593	Term Loan, maturing June 30, 2007		
4,624,593	Term Loan, maturing June 30, 2008 JOHNSON DIVERSEY, INC.	Ba3	BB-
3,814,010	Term Loan, maturing November 03, 2009 MILLENNIUM AMERICA, INC.	Ba1	BB
760,000	Term Loan, maturing June 18, 2006 NOVEON, INC.	B1	BB-
7,901,655	Term Loan, maturing September 30, 2008 ROCKWOOD SPECIALTIES GROUP, INC.	B1	B+
4,000,000	Term Loan, maturing July 23, 2010		
CONTAINERS, PACKAGING AND GLASS: 8.8%			
	BERRY PLASTICS CORPORATION	B1	B+

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2,970,000	Term Loan, maturing July 22, 2010 BLUE RIDGE PAPER PRODUCTS, INC.	B3	B+
8,539,269	Term Loan, maturing May 14, 2006 CONSTAR INTERNATIONAL, INC.	B1	BB-
2,977,500	Term Loan, maturing November 20, 2009 CROWN CORK & SEAL COMPANY, INC.	Ba3	BB
3,500,000	Term Loan, maturing September 15, 2008 GRAPHIC PACKAGING INTERNATIONAL, INC.	B1	B+
17,000,000	Term Loan, maturing August 08, 2009 GREIF BROS. CORPORATION	Ba3	BB
2,970,000	Term Loan, maturing August 23, 2009 IMPAXX, INC.	NR	NR
4,139,485	Term Loan, maturing April 30, 2005 JEFFERSON SMURFIT CORPORATION	Ba3	B+
1,647,273	Term Loan, maturing March 31, 2007 KERR GROUP, INC.	B1	BB-
2,500,000	Term Loan, maturing August 13, 2010 (2) LINCOLN PULP & EASTERN FINE	NR	NR
92,280	(3) Term Loan, maturing December 31, 2001		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED) MOODY'S	S&P
CONTAINERS, PACKAGING AND GLASS (CONTINUED)			
\$ 14,881,108	(3) Term Loan, maturing August 31, 2004 NEXPAK CORPORATION	NR	NR
2,191,514	(3) Term Loan, maturing March 31, 2004		
2,191,551	(3) Term Loan, maturing March 31, 2004 OWENS-ILLINOIS GROUP, INC.	B1	BB
12,000,000	Term Loan, maturing April 01, 2008 PLIANT CORPORATION	B2	BB-
1,752,828	Term Loan, maturing May 31, 2008 SILGAN HOLDINGS, INC.	Ba2	BB
2,990,000	Term Loan, maturing November 30, 2008 SMURFIT-STONE CONTAINER	Ba3	B+
953,568	Revolver, maturing February 28, 2005 SMURFIT-STONE CONTAINER CANADA, INC.	Ba3	B+
1,589,025	Term Loan, maturing June 30, 2009 STONE CONTAINER CORPORATION	Ba3	B+
9,378,477	Term Loan, maturing June 30, 2009 TEKNI-PLEX, INC.	B1	B+
2,910,000	Term Loan, maturing June 21, 2008		
DATA AND INTERNET SERVICES: 0.6%			
	ARCH WIRELESS HOLDINGS, INC.	Caa3	NR
74,806	Senior Note, maturing May 15, 2007 ICG COMMUNICATIONS, INC.	NR	NR
4,808,187	Term Loan, maturing May 31, 2005 MCLEODUSA, INC.	Caa2	NR

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1,329,412 Term Loan, maturing May 30, 2008

DIVERSIFIED/CONGLOMERATE MANUFACTURING: 5.4%

	BARJAN PRODUCTS, LLC	NR	NR
4,813,875 (3)	Term Loan, maturing May 31, 2006		
	BRAND SERVICES, INC.	B1	B+
3,980,000	Term Loan, maturing October 16, 2009		
	DRESSER, INC.	Ba3	BB-
5,219,136	Term Loan, maturing April 10, 2009		
	FLOWSERVE CORPORATION	Ba3	BB-
1,391,258	Term Loan, maturing June 30, 2006		
4,293,900	Term Loan, maturing June 30, 2009		
	GENERAL CABLE CORPORATION	B1	BB-
1,528,207	Term Loan, maturing May 28, 2007		
	MANITOWOC COMPANY, INC.	Ba2	BB-
1,960,000	Term Loan, maturing May 09, 2007		
	MUELLER GROUP, INC.	B1	B+
5,940,000	Term Loan, maturing May 31, 2008		
	NEPTUNE TECHNOLOGY GROUP, INC.	B1	B+
4,625,000	Term Loan, maturing March 31, 2010		
	NORCROSS SAFETY PRODUCTS, LLC	B1	B+
958,413	Term Loan, maturing March 20, 2009		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED) MOODY'S	S&P
DIVERSIFIED/CONGLOMERATE MANUFACTURING: (CONTINUED)			
	SPX CORPORATION	Ba2	BBB-
\$ 14,084,108	Term Loan, maturing September 30, 2009		
	UNITED PET GROUP	NR	NR
5,734,052	Term Loan, maturing March 31, 2006		
DIVERSIFIED/CONGLOMERATE SERVICE: 1.0%			
	IRON MOUNTAIN, INC.	Ba3	BB
1,992,000	Term Loan, maturing February 15, 2008		
	PRIVATE BUSINESS, INC.	NR	NR
3,485,669	Term Loan, maturing August 19, 2006		
	US INVESTIGATIONS SERVICES, LLC	B1	BB-
4,394,708	Term Loan, maturing January 10, 2009		
ECOLOGICAL: 0.9%			
	ALLIED WASTE NORTH AMERICA, INC.	Ba3	BB
3,642,857	Term Loan, maturing January 15, 2010		
	(2) IT GROUP, INC.	Caa1	NR
4,154,605 (3)	Term Loan, maturing June 11, 2007		

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	5,137,931	WASTE CONNECTIONS, INC. Revolver, maturing May 16, 2005	Ba3	BB
ELECTRONICS: 1.8%				
	6,098,973	(2) ACTERNA, LLC (3) Term Loan, maturing September 30, 2007	Caa1	D
	8,962,218	DECISION ONE CORPORATION Term Loan, maturing April 18, 2005	B3	CCC
	1,777,181	Term Loan, maturing April 18, 2005 KNOWLES ELECTRONICS, INC.	B2	CCC+
	2,174,459	Term Loan, maturing June 29, 2007 SARCOM, INC.	NR	NR
	1,003,670	Term Loan, maturing June 30, 2007 TRANSACTION NETWORK SERVICES, INC.	Ba3	BB-
	3,687,500	Term Loan, maturing April 03, 2007		
FINANCE: 0.5%				
	5,000,000	RENT-A-CENTER, INC. Term Loan, maturing May 28, 2009	Ba2	BB
GAMING: 4.2%				
	2,968,421	(2) ALADDIN GAMING, LLC (3) Term Loan, maturing August 26, 2006	Caa1	NR
	4,455,000	(3) Term Loan, maturing February 26, 2008 ALLIANCE GAMING CORPORATION	B1	BB-
	4,937,500	Term Loan, maturing December 31, 2006 AMERISTAR CASINOS, INC.	Ba3	BB-
	2,914,266	Term Loan, maturing December 20, 2006		

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED) MOODY'S	S&P
GAMING (CONTINUED)			
\$ 4,410,000	ARGOSY GAMING COMPANY Term Loan, maturing July 31, 2008	Ba2	BB
990,000	BOYD GAMING CORPORATION Term Loan, maturing June 24, 2008	Ba1	BB+
987,500	ISLE OF CAPRI CASINOS, INC. Term Loan, maturing April 26, 2008	Ba2	BB-
9,000,000	MANDALAY RESORT GROUP Term Loan, maturing August 21, 2006	Ba2	BB+
5,048,029	PARK PLACE ENTERTAINMENT CORPORATION Revolver, maturing December 31, 2003	Ba1	BBB-
3,491,250	PENN NATIONAL GAMING Term Loan, maturing September 01, 2007	Ba3	B+

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2,351,351	UNITED AUBURN INDIAN COMMUNITY Term Loan, maturing January 24, 2009	Ba3	BB-
GROCERY: 0.2%			
1,980,000	GIANT EAGLE, INC. Term Loan, maturing August 02, 2009	Ba2	BB+
HEALTHCARE, EDUCATION AND CHILDCARE: 10.9%			
2,755,102	ALARIS MEDICAL SYSTEMS, INC. Term Loan, maturing June 30, 2009	B1	BB
1,038,168	ALLIANCE IMAGING, INC. Term Loan, maturing November 02, 2006	B1	B+
6,217,331	Term Loan, maturing June 10, 2008		
2,094,750	AMERIPATH, INC. Term Loan, maturing March 27, 2010	B1	B+
4,912,500	APRIA HEALTHCARE GROUP, INC. Term Loan, maturing July 20, 2008	Ba1	BBB-
2,463,800	CAREMARK RX, INC. Term Loan, maturing March 31, 2006	Ba2	BBB-
14,897,475	COMMUNITY HEALTH SYSTEMS, INC. Term Loan, maturing July 16, 2010	Ba3	BB-
2,000,000	Term Loan, maturing January 16, 2011		
5,215,273	COVENANT CARE, INC. Term Loan, maturing February 15, 2004	NR	NR
9,000,000	DAVITA, INC. Term Loan, maturing March 31, 2009	Ba3	BB-
3,076,923	EXPRESS SCRIPTS, INC. Term Loan, maturing March 31, 2008	Ba1	BBB-
3,990,000	FISHER SCIENTIFIC INTERNATIONAL, INC. Term Loan, maturing March 31, 2010	Ba3	BB+
1,539,950	GENESIS HEALTH VENTURES, INC. Floating Rate Note, maturing April 02, 2007	Ba3	B+
8,742,857	HCA, INC. Term Loan, maturing April 30, 2006	Ba1	BBB-
1,850,000	IASIS HEALTHCARE CORPORATION Term Loan, maturing February 09, 2009	B1	B+

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
HEALTHCARE, EDUCATION AND CHILDCARE (CONTINUED)			
\$ 3,324,867	INSIGHT HEALTH SERVICES CORPORATION Term Loan, maturing October 17, 2008	B1	B+
1,666,667	Term Loan, maturing October 17, 2008		
5,000,000	KINETIC CONCEPTS, INC. Term Loan, maturing August 05, 2010	B1	BB-
	MAGELLAN HEALTH SERVICES, INC.	NR	D

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1,231,415	Term Loan, maturing February 12, 2005		
1,231,415	Term Loan, maturing February 12, 2006		
	MARINER HEALTH CARE, INC.	B1	NR
988,381	Floating Rate Note, maturing May 13, 2009		
	MEDCO HEALTH	Ba1	BBB
3,000,000	Term Loan, maturing June 30, 2010		
	OXFORD HEALTH PLANS, INC.	Ba2	BB+
3,491,250	Term Loan, maturing April 25, 2009		
	PACIFICARE HEALTH SYSTEMS, INC.	B1	BB-
1,000,000	Term Loan, maturing June 03, 2008		
	SYBRON DENTAL MANAGEMENT, INC.	Ba3	BB-
1,135,132	Term Loan, maturing June 06, 2009		
	TRIAD HOSPITALS, INC.	Ba3	BB
1,961,818	Term Loan, maturing September 30, 2008		
	VANGUARD HEALTH SYSTEMS, INC.	Ba3	B+
5,472,500	Term Loan, maturing January 03, 2010		
	VICAR OPERATING, INC.	B1	B+
5,956,845	Term Loan, maturing June 30, 2009		
HOME AND OFFICE FURNISHING, HOUSEWARES: 1.4%			
	GLOBAL IMAGING SYSTEMS, INC.	Ba3	BB-
1,500,000	Term Loan, maturing June 25, 2009		
	HOLMES PRODUCTS CORPORATION	B2	B
2,426,292	Term Loan, maturing February 05, 2007		
	IDENTITY GROUP, INC.	NR	NR
4,525,000	Term Loan, maturing May 11, 2007		
	IMPERIAL HOME DECOR GROUP, INC.	NR	NR
833,725 (3)	Term Loan, maturing April 04, 2006		
	SEALY MATTRESS COMPANY	B1	B+
1,136,956	Term Loan, maturing December 15, 2004		
1,521,057	Term Loan, maturing December 15, 2005		
1,944,748	Term Loan, maturing December 15, 2006		
	TEMPUR PEDIC	B1	B+
2,250,000	Term Loan, maturing August 18, 2009		
INSURANCE: 0.3%			
	INFINITY PROPERTY & CASUALTY	Baa3	BBB
3,000,000	Term Loan, maturing June 30, 2010		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
LEISURE, AMUSEMENT AND ENTERTAINMENT: 9.1%			
	AMF BOWLING WORLDWIDE, INC.	B1	B

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	MOODY'S	S&P
\$ 1,644,961	Term Loan, maturing February 28, 2008 FITNESS HOLDINGS WORLDWIDE, INC.	B1	B
7,054,845	Term Loan, maturing November 02, 2006		
7,159,195	Term Loan, maturing November 02, 2007 LODGENET ENTERTAINMENT CORPORATION	B1	B+
4,957,222	Term Loan, maturing June 30, 2006 LOEWS CINEPLEX ENTERTAINMENT CORPORATION	NR	NR
8,568,107	Term Loan, maturing February 29, 2008 METRO-GOLDWYN-MAYER STUDIOS, INC.	Ba3	BB-
500,000	Term Loan, maturing June 30, 2007		
14,500,000	Term Loan, maturing June 30, 2008 NEW JERSEY BASKETBALL, LLC	B2	B-
4,000,000	Term Loan, maturing December 08, 2003 PANAVISION, INC.	Caa1	CCC
13,951,985	Term Loan, maturing March 31, 2005 PURE FISHING	NR	NR
3,000,000	Term Loan, maturing December 31, 2009 SIX FLAGS THEME PARKS, INC.	Ba2	BB-
10,000,000	Term Loan, maturing June 30, 2009 VIVENDI UNIVERSAL ENTERTAINMENT, LLLP	Ba2	BB+
7,000,000	Term Loan, maturing June 30, 2008 XANTERRA PARKS & RESORTS, LLC	NR	NR
3,287,317	Term Loan, maturing September 30, 2004		
3,287,317	Term Loan, maturing September 30, 2005		
LODGING: 3.4%			
	EXTENDED STAY AMERICA, INC.	Ba3	BB-
9,114,441	Term Loan, maturing January 15, 2008 GAYLORD ENTERTAINMENT COMPANY	NR	NR
5,000,000	Term Loan, maturing March 22, 2006 WYNDHAM INTERNATIONAL, INC.	NR	CCC+
6,042,021	Term Loan, maturing June 30, 2004		
16,594,997	Term Loan, maturing June 30, 2006		
MACHINERY: 2.8%			
	ALLIANCE LAUNDRY HOLDINGS, LLC	B1	B
3,650,062	Term Loan, maturing August 02, 2007 ANTHONY CRANE RENTAL, L.P.	Caa2	CC
14,103,096	Term Loan, maturing July 20, 2006 MORRIS MATERIAL HANDLING, INC.	NR	NR
249,574	Term Loan, maturing September 28, 2004 NATIONAL WATERWORKS, INC.	B1	BB-
3,000,000	Term Loan, maturing November 22, 2009 REXNORD CORPORATION	B1	B+
6,708,333	Term Loan, maturing November 25, 2009		

See Accompanying Notes to Financial Statements

PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	MOODY'S	S&P
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BANK LOAN
RATINGS+
(UNAUDITED)

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MACHINERY (CONTINUED)				
		UNITED RENTALS (NORTH AMERICA), INC.	Ba3	BB
\$	1,725,660	Term Loan, maturing August 31, 2007		
		VUTEK, INC.	B1	NR
	821,051	Term Loan, maturing July 31, 2005		
	1,695,438	Term Loan, maturing July 31, 2007		
	647,686	Term Loan, maturing December 30, 2007		
MINING, STEEL, IRON AND NON-PRECIOUS METALS: 0.9%				
		PEABODY ENERGY CORPORATION	Ba1	BB+
	8,977,500	Term Loan, maturing March 21, 2010		
OIL AND GAS: 2.3%				
		CITGO PETROLEUM CORPORATION	Ba2	BB+
	2,500,000	Term Loan, maturing February 27, 2006		
		PACIFIC ENERGY GROUP, LLC	Ba2	BBB-
	4,000,000	Term Loan, maturing July 26, 2009		
		PLAINS MARKETING, L.P.	Ba1	BBB-
	3,465,000	Term Loan, maturing September 21, 2007		
		PMC COMPANY	Ba1	BBB-
	2,760,000	Term Loan, maturing May 05, 2006		
		TESORO PETROLEUM CORPORATION	Ba3	BB
	3,325,000	Term Loan, maturing April 17, 2007		
		W-H ENERGY SERVICES, INC.	B2	B+
	3,421,281	Term Loan, maturing April 16, 2007		
		WILLIAMS PRODUCTION RMT COMPANY	B1	BB
	2,500,000	Term Loan, maturing May 30, 2007		
OTHER BROADCASTING AND ENTERTAINMENT: 1.7%				
		AMERICAN MOVIE CLASSICS	Ba1	BBB-
	1,000,000	Term Loan, maturing March 14, 2009		
		DIRECTV HOLDINGS, LLC	Ba2	BB-
	6,000,000	Term Loan, maturing March 06, 2010		
		PEGASUS MEDIA & COMMUNICATIONS, INC.	B3	B-
	5,812,722	Term Loan, maturing April 30, 2005		
		RAINBOW MEDIA GROUP	Ba2	BB+
	4,000,000	Term Loan, maturing March 14, 2009		
OTHER TELECOMMUNICATIONS: 1.1%				
		CINCINNATI BELL, INC.	B1	B+
	1,022,608	Revolver, maturing November 09, 2004		
	2,996,643	Term Loan, maturing November 09, 2004		
	2,509,138	Term Loan, maturing December 30, 2006		
	301,315	Term Loan, maturing June 29, 2007		
		GCI HOLDINGS, INC.	Ba3	BB+
	1,500,000	Term Loan, maturing October 15, 2004		
		INTERA GROUP, INC.	NR	NR
	2,729,873	Term Loan, maturing December 31, 2005		

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
OTHER TELECOMMUNICATIONS (CONTINUED)			
\$ 1,741,297 (3)	Term Loan, maturing December 31, 2005		
909,384 (3)	Term Loan, maturing December 31, 2005		
PERSONAL AND NON DURABLE CONSUMER PRODUCTS: 4.3%			
	ARMKEL, LLC	Ba3	B+
1,698,894	Term Loan, maturing March 28, 2009		
	BUHRMANN U.S., INC.	B1	B+
2,261,865	Term Loan, maturing October 26, 2005		
1,090,140	Term Loan, maturing October 26, 2007		
	CHURCH & DWIGHT COMPANY, INC.	Ba2	BB
1,653,385	Term Loan, maturing September 30, 2007		
	JOSTENS, INC.	Ba3	BB-
4,500,000	Term Loan, maturing July 29, 2010		
	NORWOOD PROMOTIONAL PRODUCTS, INC.	NR	NR
9,439,520	Term Loan, maturing February 01, 2005		
7,731,328 (3)	Term Loan, maturing February 01, 2005		
1,998,167 (3)	Term Loan, maturing February 01, 2005		
	PAINT SUNDRY BRANDS CORPORATION	B2	B+
802,212	Term Loan, maturing August 11, 2005		
785,675	Term Loan, maturing August 11, 2006		
	PLAYTEX PRODUCTS, INC.	B1	B+
11,161,766	Term Loan, maturing May 31, 2009		
	RAYOVAC CORPORATION	Ba3	BB-
4,450,000	Term Loan, maturing September 30, 2009		
PERSONAL, FOOD & MISCELLANEOUS SERVICES: 3.0%			
	AFC ENTERPRISES, INC.	B1	B
2,010,111	Term Loan, maturing May 23, 2009		
	COINMACH CORPORATION	B1	BB-
4,900,000	Term Loan, maturing July 25, 2009		
	DOMINO'S, INC.	B1	BB-
6,426,230	Term Loan, maturing June 25, 2010		
	GATE GOURMET BORROWER, LLC	B1	BB
1,000,000	Term Loan, maturing December 31, 2008		
1,000,000	Term Loan, maturing December 31, 2009		
	OTIS SPUNKMEYER, INC.	B1	B+
6,755,577	Term Loan, maturing February 20, 2009		
	PAPA GINO'S, INC.	NR	NR
1,585,227	Term Loan, maturing August 31, 2006		
4,593,750	Term Loan, maturing August 31, 2007		
	RELIZON COMPANY	Ba3	BB-
657,143	Revolver, maturing August 04, 2006		

PRINTING AND PUBLISHING: 5.8%

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1,770,506	ADAMS OUTDOOR ADVERTISING, L.P. Term Loan, maturing February 08, 2008	B1	B+
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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
PRINTING AND PUBLISHING (CONTINUED)			
\$ 3,979,644	AMERICAN MEDIA OPERATIONS, INC. Term Loan, maturing April 01, 2007	Ba3	B+
4,829,268	DEX MEDIA EAST, LLC Term Loan, maturing May 08, 2009	Ba3	BB-
2,481,250	HOLLINGER INTERNATIONAL PUBLISHING, INC. Term Loan, maturing September 30, 2009	Ba2	BB-
576,923	HOUGHTON MIFFLIN COMPANY Revolver, maturing February 28, 2008	Ba3	BB-
15,000,000	LAMAR MEDIA CORPORATION Term Loan, maturing June 30, 2010	Ba2	BB-
4,000,000	MOORE CORPORATION Term Loan, maturing March 15, 2010	Ba2	BB+
776,053	PRIMEDIA, INC. Revolver, maturing June 30, 2008	B3	B
3,527,706	R.H. DONNELLEY, INC. Term Loan, maturing June 30, 2009	Ba3	BB
7,730,788	READER'S DIGEST ASSOCIATIONS, INC. Term Loan, maturing June 30, 2010	Ba1	BB+
6,532,511	TRANSWESTERN PUBLISHING COMPANY Term Loan, maturing May 20, 2008	Ba3	BB-
2,541,000	ZIFF DAVIS MEDIA, INC. Term Loan, maturing June 27, 2008	B3	CCC
1,694,296	Term Loan, maturing March 31, 2007		
RADIO AND TV BROADCASTING: 4.4%			
2,827,160	BLOCK COMMUNICATIONS, INC. Term Loan, maturing November 15, 2009	Ba2	BB-
483,778	CITADEL BROADCASTING COMPANY Term Loan, maturing June 26, 2008	Ba2	B+
2,992,500	CUMULUS MEDIA, INC. Term Loan, maturing March 28, 2010	Ba3	B+
10,982,904	EMMIS OPERATING COMPANY Term Loan, maturing August 31, 2009	Ba2	B+
1,990,000	FISHER BROADCASTING, INC. Term Loan, maturing February 28, 2010	Ba3	B+
4,000,000	GRAY TELEVISION, INC. Term Loan, maturing December 31, 2010	Ba3	B+
2,102,857	LIN TELEVISION CORPORATION Term Loan, maturing December 31, 2007	Ba2	BB
4,900,000	PAXSON COMMUNICATIONS CORPORATION Term Loan, maturing June 30, 2006	B1	BB-
	SINCLAIR BROADCAST GROUP, INC.	Ba2	BB

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4,859,000	Term Loan, maturing December 31, 2009		
2,915,400	Term Loan, maturing December 31, 2009		
	SUSQUEHANNA MEDIA COMPANY	Ba1	BB-
2,468,750	Term Loan, maturing June 30, 2008		
	TELEVICENTRO OF PUERTO RICO, LLC	Ba2	BB
1,897,143	Term Loan, maturing December 31, 2007		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED) MOODY'S	S&P
RETAIL: 3.1%			
	ADVANCE STORES COMPANY, INC.	Ba3	BB-
\$ 3,568,468	Term Loan, maturing November 30, 2007		
3,568,468	Term Loan, maturing November 30, 2007		
	CH OPERATING, LLC	B2	B+
2,175,136	Term Loan, maturing June 21, 2007		
	CSK AUTO, INC.	Ba3	BB-
1,500,000	Term Loan, maturing February 15, 2006		
	PANTRY, INC.	B1	B+
4,950,593	Term Loan, maturing March 31, 2007		
	PETCO ANIMAL SUPPLIES, INC.	Ba3	BB-
2,559,432	Term Loan, maturing October 26, 2008		
	RITE AID CORPORATION	B1	BB
8,000,000	Term Loan, maturing April 30, 2008		
	SHOPPERS DRUG MART CORPORATION	Baa3	BBB+
811,765	Term Loan, maturing February 04, 2009		
	TRAVELCENTERS OF AMERICA, INC.	Ba3	BB
2,376,484	Term Loan, maturing November 14, 2008		
TELECOMMUNICATIONS EQUIPMENT: 4.2%			
	AMERICAN TOWER, L.P.	B2	B
8,756,739	Term Loan, maturing June 30, 2007		
1,659,646	Term Loan, maturing December 31, 2007		
	CROWN CASTLE OPERATING COMPANY	Ba3	B-
12,967,500	Term Loan, maturing March 15, 2008		
	PINNACLE TOWERS, INC.	B1	D
8,108,418	Term Loan, maturing October 31, 2005		
	SPECTRASITE COMMUNICATIONS, INC.	B1	B+
6,555,955	Term Loan, maturing December 31, 2007		
	TRIPOINT GLOBAL COMMUNICATIONS, INC.	NR	NR
2,903,533	Term Loan, maturing May 31, 2006		
TEXTILES AND LEATHER: 2.6%			
	(2) GALEY & LORD, INC.	Caa2	NR

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2,692,043	Term Loan, maturing April 02, 2005		
1,927,515	Term Loan, maturing April 01, 2006		
	LEVI STRAUSS & COMPANY	B1	BB
466,667	Revolver, maturing March 31, 2006		
4,870,982	Term Loan, maturing July 31, 2006		
	(2) MALDEN MILLS INDUSTRIES, INC.	NR	NR
8,958,296	(3) Term Loan, maturing October 28, 2006		
	POLYMER GROUP, INC.	NR	NR
8,902,127	Term Loan, maturing December 31, 2006		
	TARGUS GROUP, INC.	NR	NR
3,284,012	Term Loan, maturing August 31, 2006		
	WILLIAM CARTER COMPANY	Ba3	BB
1,944,040	Term Loan, maturing September 08, 2008		

See Accompanying Notes to Financial Statements

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PRINCIPAL AMOUNT	BORROWER/TRANCHE DESCRIPTION	BANK LOAN RATINGS+ (UNAUDITED)	
		MOODY'S	S&P
UTILITIES: 1.0%			
\$ 3,000,000	CALPINE CONSTRUCTION FINANCE COMPANY, L.P. Term Loan, maturing February 26, 2009	NR	B+
	CALPINE CORPORATION	Ba3	B
2,000,000	Term Loan, maturing July 16, 2007		
	MICHIGAN ELECTRIC TRANSMISSION COMPANY	Baa2	BB+
2,970,000	Term Loan, maturing May 01, 2007		
	PIKE ELECTRIC, INC.	Ba3	BB-
1,647,059	Term Loan, maturing April 18, 2010		
	TOTAL SENIOR LOANS (COST \$1,429,444,118)		
OTHER CORPORATE DEBT: 1.5%			
DATA AND INTERNET SERVICES: 0.1%			
	ARCH WIRELESS HOLDINGS, INC.	Ca	NR
739,789	(3) Subordinated Note, maturing May 15, 2009		
FINANCE: 1.0%			
10,000,000	VALUE ASSET MANAGEMENT, INC. Senior Subordinated Bridge Note, maturing August 31, 2005	B3	B
HEALTHCARE, EDUCATION AND CHILDCARE: 0.0%			
	BLOCK VISION HOLDINGS CORPORATION	NR	NR
13,365	Junior Term Loan, maturing January 31, 2006		
HOME AND OFFICE FURNISHINGS, HOUSEWARES: 0.0%			
	MP HOLDINGS, INC.	NR	NR
45,229	Subordinated Note, maturing March 14, 2007		

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PERSONAL AND NON DURABLE CONSUMER PRODUCTS: 0.3%			
	PAINT SUNDRY BRANDS	B2	B+
2,875,000	Subordinated Note, maturing August 11, 2008		
TEXTILES AND LEATHER: 0.1%			
	TARTAN TEXTILE SERVICES, INC.	NR	NR
1,332,583	Subordinated Note, maturing April 01, 2011		
	TOTAL OTHER CORPORATE DEBT (COST \$14,232,242)		

SECURITY DESCRIPTION

EQUITIES AND OTHER ASSETS: 4.4%

(1),	(©),	(R)	Allied Digital Technologies Corporation (Residual Interest in Bankruptcy Estate)
	(©),	(R)	AM Cosmetics Corporation (Liquidation Interest)
	(©)		Arch Wireless Holdings, Inc. (102,124 Common Shares)
	(©),	(R)	Block Vision Holdings Corporation (571 Common Shares)
(2),	(©),	(R)	Boston Chicken, Inc. (Residual Interest in Boston Chicken Plan Trust)
	(©),	(R)	Cedar Chemical (Liquidation Interest)

See Accompanying Notes to Financial Statements

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SECURITY DESCRIPTION

(©),	(R)	Covenant Care, Inc. (Warrants for 19,000 Common Shares, Expires January 13, 2005)	
(©),	(R)	Covenant Care, Inc. (Warrants for 26,901 Common Shares, Expires March 31, 2013)	
	(©)	Dan River, Inc. (127,306 Common Shares)	
	(©),	(R)	Decision One Corporation (350,059 Common Shares)
(2),	(©),	(R)	Electro Mechanical Solutions (Residual Interest in Bankruptcy Estate)
	(©),	(R)	Enterprise Profit Solutions (Liquidation Interest)
(4),	(©),	(R)	Euro United Corporation (Residual Interest in Bankruptcy Estate)
(2),	(©),	(R)	Exide Technologies (Warrants for 16,501 Common Shares, Expires March 16, 2006)
	(©)		Genesis Health Ventures, Inc. (190,605 Common Shares)
	(©)		Genesis Health Ventures, Inc. (2,223 Preferred Shares)
	(©),	(R)	Gevity HR (60,056 Common Shares)
(2),	(©),	(R)	Grand Union Company (Residual Interest in Bankruptcy Estate)
	(©)		Hayes Lemmerz (73,835 Common Shares)
	(©)		Hayes Lemmerz (246 Preferred Shares)
	(©),	(R)	Holmes Products Corporation (Warrants for 13,848,.56 Common Shares, Expires May 7, 2006)
(2),	(©),	(R)	Humphreys, Inc. (Residual Interest in Bankruptcy Estate)
	(©),	(R)	IHDG Realty (300,141 Common Shares)
	(©),	(R)	Imperial Home Decor Group, Inc. (300,141 Common Shares)

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(2),	(@),	(R)	Insilco Technologies (Residual Interest in Bankruptcy Estate)
	(@),	(R)	Intera Group, Inc. (864 Common Shares)
(2),	(@),	(R)	Kevco, Inc. (Residual Interest in Bankruptcy Estate)
	(@)		Mariner Health Care, Inc. (126,525 Common Shares)
	(@)		Microcell Telecommunications, Inc. (2,473 1st Preferred Voting Shares)
	(@)		Microcell Telecommunications, Inc. (171,635 1st Preferred Non-Voting Shares)
	(@)		Microcell Telecommunications, Inc. (53,271 2nd Preferred Non-Voting Shares)
	(@),	(R)	Morris Material Handling, Inc. (481,373 Common Shares)
	(@),	(R)	MP Holdings, Inc. (590 Common Shares)
	(@),	(R)	Murray's Discount Auto Stores, Inc. (Escrow)
	(@),	(R)	Neoplan USA Corporation (17,348 Common Shares)
	(@),	(R)	Neoplan USA Corporation (1,814,180 Series B Preferred Shares)
	(@),	(R)	Neoplan USA Corporation (1,084,000 Series C Preferred Shares)
	(@),	(R)	Neoplan USA Corporation (3,524,300 Series D Preferred Shares)
	(@),	(R)	New Piper Aircraft (Residual Interest in Litigation Proceeds)
	(@),	(R)	New World Restaurant Group, Inc. (Warrants for 4,489 Common Shares, Expires June 15, 2006)
	(@),	(R)	Safelite Glass Corporation (660,808 Common Shares)
	(@),	(R)	Safelite Realty (44,605 Common Shares)
	(@),	(R)	Sarcom, Inc. (462,984 Common Shares)
	(@),	(R)	Sarcom, Inc. (4,015 Preferred Shares)

See Accompanying Notes to Financial Statements

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SECURITY DESCRIPTION

(@),	(R)	Scientific Games Corporation (48,930 Warrants for Class B Non-Voting Common Shares, Expires October 2003)	\$
(@),	(R)	Soho Publishing (17,582 Common Shares)	
(@),	(R)	Stellax Aerostructures, Inc. (11,130 Common Shares)	
(@),	(R)	Targus Group, Inc. (Warrants for 66,824 Common Shares, Expires)	
(@),	(R)	Tartan Textile Services, Inc. (23,449 Shares of Series D Preferred Stock)	
(@),	(R)	Tartan Textile Services, Inc. (36,775 Shares of Series E Preferred Stock)	
(@),	(R)	Teligent, Inc. (50 Common Shares)	
(@),	(R)	Tembec, Inc. (167,239 Common Shares)	
(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)
TOTAL FOR EQUITIES AND OTHER ASSETS (COST \$51,600,661)			
TOTAL INVESTMENTS (COST \$1,495,277,021) (5)			148.4%
PREFERRED SHARES AND LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS, NET			(48.4)

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NET ASSETS

100.0%
=====

-
- (@) 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.
 - 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) For federal income tax purposes, the cost of investment is \$1,504,314,070 and net unrealized depreciation consists of the following:

	Gross Unrealized Appreciation	\$ 14,099,727
	Gross Unrealized Depreciation	(88,135,225)

	Net Unrealized Depreciation	\$ (74,035,497)
		=====

See Accompanying Notes to Financial Statements

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SHAREHOLDER MEETING INFORMATION (Unaudited)

A special meeting of shareholders of the ING Prime Rate Trust held August 19, 2003, 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:

ING PRIME RATE TRUST, COMMON SHARES

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

ING PRIME RATE TRUST, PREFERRED SHARES

2. 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.

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ING PRIME RATE TRUST

3. To ratify selection of KPMG LLP as the current independent auditor of the Trust.
4. To approve a Sub-Advisory Agreement between ING Investments, LLC and Aeltus Investment Management, Inc., with no change in the advisor, the portfolio managers, or the overall management fee paid by the Trust.
5. To transact such other business as may properly come before the Annual Meeting or any adjournment(s) or postponement(s) thereof.

	PROPOSAL	SHARES VOTED FOR	SHARES VOTED AGAINST OR WITHHELD	SHARES ABSTAINED
	-----	-----	-----	-----
Common Shares	Paul S. Doherty	114,685,160	2,423,071	--
Trustees	J. Michael Earley	114,782,052	2,326,179	--
	R. Barbara Gitenstein	114,708,163	2,400,068	--
	Thomas J. McInerney	114,686,460	2,421,771	--
	David W.C. Putnam	114,770,313	2,337,918	--
	Blaine E. Rieke	114,692,561	2,415,670	--
	John G. Turner	114,800,060	2,308,171	--
	Roger B. Vincent	114,776,458	2,331,773	--
	Richard A. Wedemeyer	114,695,507	2,412,724	--
Preferred Shares	Walter H. May	17,595	62	--
Trustees	Jock Patton	17,580	77	--
KPMG LLP	3	114,713,065	1,205,046	1,207,777
Sub-Advisory Agreement	4	113,175,355	2,221,470	1,729,063
Such other business	5	111,634,959	2,906,152	2,584,777

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ADDITIONAL INFORMATION (Unaudited)

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.

SHAREHOLDER INVESTMENT PROGRAM

The Trust offers a Shareholder Investment Program (the "Program") which enables investors to conveniently add to their holdings at reduced costs. Should you desire further information concerning this Program, please contact the Shareholder Servicing Agent at (800) 992-0180.

NUMBER OF SHAREHOLDERS

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The approximate number of record holders of Common Stock as of September 30, 2003 was 7,821 which does not include approximately 49,749 beneficial owners of shares held in the name of brokers of other nominees.

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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 Trust, as defined in the 1940 Act, is an independent trustee ("Independent Trustee"). The Trustees 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.

NAME, ADDRESS AND AGE -----	POSITION(S) HELD WITH THE REGISTRANT(S) -----	TERM OF OFFICE AND LENGTH OF TIME SERVED(1) -----	PRINCIPAL OCCUPATION(S) DURING THE PAST FIVE YEARS -----
NON-INTERESTED TRUSTEES:			
Paul S. Doherty(2) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1934	Trustee	November 1999 - present	Mr. Doherty is President and Partner, Doherty, Wallace, Pillsbury and Murphy, P.C., Attorneys (1996 - Present); Director, Tambrands, Inc. (1993 - 1998); and Trustee of each of the funds managed by Northstar Investment Management Corporation (1993 - 1999).
J. Michael Earley(3) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1945	Trustee	February 2002 - present	President and Chief Executive Officer, Bankers Trust Company, N.A. (1992 - Present).
R. Barbara Gitenstein(2) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1948	Trustee	February 2002 - present	President, College of New Jersey (1999 - Present). Formerly, Executive Vice President and Provost, Drake University (1992 - 1998).
Walter H. May(2) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1936	Trustee	November 1999 - present	Retired. Formerly, Managing Director and Director of Marketing, Piper Jaffray, Inc.; Trustee of each of the funds managed by Northstar Investment Management Corporation (1996 - 1999).
Jock Patton(2) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1945	Trustee	August 1995 - present	Private Investor (June 1997 - Present). Formerly Director and Chief Executive Officer, Rainbow Multimedia Group, Inc. (January 1999 - December

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2001); Director of Stuart Entertainment, Inc.; Director of Artisoft, Inc. (1994 - 1998).

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NAME, ADDRESS AND AGE -----	POSITION(S) HELD WITH THE REGISTRANT(S) -----	TERM OF OFFICE AND LENGTH OF TIME SERVED(1) -----	PRINCIPAL OCCUPATION(S) DURING THE PAST FIVE YEARS -----
David W.C. Putnam(3) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1939	Trustee	November 1999 - present	President and Director, F.L. Putnam Securities Company, Inc. and its affiliates; President, Secretary and Trustee, The Principled Equity Market Fund. Formerly, Trustee, Trust Realty Trust (December Corp.; Anchor Investment Trust; Bow 2000 - Present); Ridge Mining Company and each of the F.L. Putnam funds managed by Northstar Investment Foundation Management Corporation (1994 - 1999).

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Blaine E. Rieke 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1933	Trustee	February 2001 - present	General Partner, Huntington Partners (January 1997 - Present). Chairman of the Board and Trustee of each of the funds managed by ING Investment Management Co. LLC (November 1998 - February 2001).
Roger B. Vincent 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1945	Trustee	February 2002 - present	President, Springwell Corporation (1989 - Present). Formerly, Director Tatham Offshore, Inc. (1996 - 2000).
Richard A. Wedemeyer (3) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1936	Trustee	February 2001 - present	Retired. Mr. Wedemeyer was formerly Vice President - Finance and Administration, Channel Corporation (June 1996 - April 2002). Formerly Trustee, First Choice Funds (1997 - 2001); and of each of the funds managed by ING Investment Management Co. LLC (1998 - 2001).

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NAME, ADDRESS AND AGE -----	POSITION(S) HELD WITH THE REGISTRANT(S) -----	TERM OF OFFICE AND LENGTH OF TIME SERVED(1) -----	PRINCIPAL OCCUPATION(S) DURING THE PAST FIVE YEARS -----
INTERESTED TRUSTEES:			
Thomas J. McInerney (4) 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1956	Trustee	February 2001 - present	Chief Executive Officer, ING U.S. Financial Services (September 2001 to present); General Manager and Chief Executive Officer, ING U.S. Worksite Financial Services (December 2000 to present); Member, ING Americas Executive Committee (2001 to present); President, Chief Executive Officer and Director of Northern Life Insurance Company (2001 to present), ING Aeltus Holding Company, Inc. (2000 to present), ING Retail Holding Company (1998 to

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present). Formerly, ING Life Insurance and Annuity Company (1997 to November 2002), ING Retirement Holdings, Inc. (1997 to March 2003); General Manager and Chief Executive Officer, ING Worksite Division (December 2000 to October 2001), President, ING-SCI, Inc. (August 1997 to December 2000); President, Aetna Financial Services (August 1997 to December 2000); and has held a variety of line and corporate staff positions since 1978.

John G. Turner(5)
7337 E. Doubletree Ranch Rd.
Scottsdale, Arizona 85258
Born: 1939

Trustee

November
1999 - present

Chairman, Hillcrest Capital Partners (May 2002 - Present); President, Turner Investment Company (January 2002 - Present). Mr. Turner was formerly Vice Chairman of ING Americas (2000 - 2002); Chairman and Chief Executive Officer of ReliaStar Financial Corp.

-
- (1) Trustees serve until their successors are duly elected and qualified, subject to the Board's retirement policy.
 - (2) Valuation Committee member.
 - (3) Audit Committee member.
 - (4) Mr. McInerney is an "interested person," as defined by the 1940 Act, because of his affiliation with ING U.S. Worksite Financial Services, an affiliate of ING Investments, LLC.
 - (5) Mr. Turner is an "interested person," as defined by the 1940 Act, because of his affiliation with ING Americas, an affiliate of ING Investments, LLC.

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NAME, ADDRESS AND AGE -----	POSITION(S) HELD WITH THE TRUST -----	TERM OF OFFICE AND LENGTH OF TIME SERVED (1) -----	
OFFICERS:			
James M. Hennessy 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1949	President and Chief Executive Officer	February 2001 - present	President ING Capi Services
	Chief Operating Officer	June 2000 - present	Investme Distribu
	Senior Executive Vice President	June 2000 - February 2001	Inc. and December and Chie
	Secretary	April 1995 - February 2001	Distribu
Michael J. Roland 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1958	Executive Vice President and Assistant Secretary	February 2002 - present	Executiv Officer Services
	Chief Financial Officer	June 1998 - present	ING Advi (Decembe
	Senior Vice President	June 1998 - February 2002	Distribu Inc. and December Presiden
			Treasur Inc. (De
			Senior V LLC, ING
			Distribu 2001).
Robert S. Naka 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1963	Senior Vice President	November 1999 - present	Senior V Secretar
	Assistant Secretary	July 1996 - present	Funds Di ING Inve
			(present) Inc. (si
			Senior V Secretar
			Inc. (Oc Presiden
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Daniel Norman 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1957	Senior Vice President	April 1995 - present	Senior V (since D
	Treasurer	June 1997 - present	Distribu served a
			ING sinc
Jeffrey A. Bakalar 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1959	Senior Vice President	November 1999 - present	Senior V (since N
			Presiden ING Inve
			November

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NAME, ADDRESS AND AGE -----	POSITION(S) HELD WITH THE TRUST -----	TERM OF OFFICE AND LENGTH OF TIME SERVED (1) -----	
Elliot Rosen 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1953	Senior Vice President	May 2002 - present	Senior V (since F Vice Pre - Februa
William H. Rivoir III 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1951	Senior Vice President and Assistant Secretary	February 2001 - present	Senior V Capital Services Funds Di ING Inve Distribu Inc., Pi Express Liquidat Formerly Assistan Manageme 2002) an June 199 Pilgrim February ING Inve and Assi Distribu ING Inve America (since D Vice Pre ING Fund ING Inve Financia Senior V LLC (sin Secretar (since F LLC (sin
Curtis F. Lee 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1955	Senior Vice President and Chief Credit Officer	February 2002 - present	Senior V Officer LLC (sin series o Bank in loan man June 199
Kimberly A. Anderson 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1964	Vice President Secretary	February 2001 - present February 2001 - August 2003	Vice Pre ING Fund Distribu Investme Lexingto December

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NAME, ADDRESS AND AGE -----	POSITION(S) HELD WITH THE TRUST -----	TERM OF OFFICE AND LENGTH OF TIME SERVED(1) -----
Robyn L. Ichilov 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1967	Vice President	November 1997 - present
J. David Greenwald 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1957	Vice President	August 2003 - present
Lauren D. Bensinger 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1957	Vice President	March 2003 - present
Huey P. Falgout 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1963	Secretary	August 2003 - present
Todd Modic 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258 Born: 1967	Vice President Assistant Vice President	August 2003 - present February 2002 - August 2003
Susan P. Kinens 7337 E. Doubletree Ranch Rd. Scottsdale, Arizona 85258	Assistant Vice President and Assistant Secretary	February 2003 - present

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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 85258-2034

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 1-800-992-0180

A prospectus containing more complete information regarding the Trust, including charges and expenses, may be obtained by calling ING Funds Distributor, LLC, Distributor, at 1-800-992-0180. Please read the prospectus carefully before you invest or send money. The Form N-PX (Proxy Voting Record) will be available without charge, upon request, by calling 800-992-0180 on or about 8/31/04; and on the fund's website at www.ingfunds.com; and on the SEC's website www.sec.gov.

[ING FUNDS LOGO]

PRTSAR0803-102903

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEMS 4-8. [RESERVED]

ITEM 9. 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 or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 10. EXHIBITS.

(a) Not applicable.

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the

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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 November 6, 2003

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 November 6, 2003

By /s/ Michael J. Roland

Michael J. Roland
Executive Vice President and Chief Financial Officer

Date November 6, 2003
