

ING PRIME RATE TRUST
Form N-30D
May 06, 2002
ANNUAL REPORT

February 28, 2002

ING PRIME RATE TRUST

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ING FUNDS

ING Prime Rate Trust

ANNUAL REPORT

February 28, 2002

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ING Prime Rate Trust

PORTFOLIO MANAGERS' REPORT

Dear Shareholders:

We are pleased to present the February 28, 2002 Annual Report for the ING Prime Rate Trust (formerly the Pilgrim Prime Rate Trust).

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Our fund family now has many funds of varying types which are designed to provide core investment choices for the serious investor.

On March 1, 2002, several name changes took place with the Pilgrim Funds to reflect our new association with the Aetna Funds under ING Group. The integrated fund family is now called ING Funds.

ING Prime Rate Trust (the "Trust") invests in a diversified portfolio of non-investment grade senior floating rate loans made primarily to U.S. based corporations. During the year ended February 28, 2002, the Trust paid its 166th consecutive dividend.

PERFORMANCE OF THE TRUST

Based on \$0.12 of dividends declared for common shareholders during the quarter ended February 28, 2002 and the average month-end net asset value ("NAV") per share of \$7.25, the annualized distribution rate was 6.80% for the quarter, down from 7.48% as of November 30, 2001. As stated in earlier reports, the decline in the annualized distribution rate is consistent with the dramatic reduction in short term interest rates, commencing late in 2000 and lasting through the end of the Trust's 2002 fiscal year end. The Trust's annualized distribution rate based on the Trust's month-end NYSE Composite Closing Price ("Market") for the quarter was 7.31%, which continues to present an attractive yield advantage over many other variable and fixed income investment products.

The Trust's total return (based on NAV) for the quarter was 0.33%, as compared to -3.06%, for the quarter ended November 30, 2001. The improvement reflects both a decidedly better tone across the non-investment grade loan market in recent months and a general firming of indicative loan prices subsequent to the September 11, 2001 tragedies. Total return for the full fiscal year ended February 28, 2002 was -3.02%, reflective largely of the still challenging credit conditions that were undoubtedly exacerbated by the events of September 11th. Default and recovery experience market-wide remains challenging, particularly in those sectors in which fresh capital is scarce (e.g., telecommunications and technology).

We continue to strive to improve the overall quality of the Trust's portfolio. To that end, the Trust increased its exposure to borrowers from the cable television and healthcare sectors, both of which have performed relatively well in a comparably volatile credit environment. Conversely, we were fortunately able to reduce exposure to the hospitality sector, one of the industry groupings most significantly impacted in the wake of the attacks, without a meaningful impact on net asset value. Diversification measures were also improved slightly during the quarter ended February 28, 2002, as the number of individual issuers increased to 254 (from 250) and the average position size remained unchanged, at approximately 0.38% of total assets.

LEVERAGE

The Trust has utilized financial leverage to seek to increase the yield to the holders of common shares. As of February 28, 2002, the Trust had \$732 million of borrowings outstanding, consisting of \$450 million of 'aaa/AAA' rated cumulative auction rate preferred shares, and \$282 million under a \$550 million credit facility. Total leverage, as a percentage of total assets (including preferred shares), was 42.5% at year end. The weighted average cost of all borrowing and leveraging as of the year end was 1.98%.

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OUTLOOK

We continue to be encouraged by signs, some admittedly nascent, of recovery in

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the U.S. economy. Improving economic conditions and the associated probability of rising short-term interest provides the ideal backdrop for solid performance on the part of loans. By definition, floating rate loans would provide an increasing yield once the Federal Reserve begins to raise interest rates. Conversely, bond prices generally move in the opposite direction as interest rates, regardless of credit quality. As such, we believe the Trust at this time is attractively positioned from a risk/return standpoint, relative to other income generating alternatives.

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

Daniel A. Norman
Senior Vice President
Co-Senior Portfolio Manager

ING Prime Rate Trust
April 19, 2002

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PORTFOLIO MANAGERS' FOOTNOTES

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.

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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ING Prime Rate Trust

STATISTICS AND PERFORMANCE as of February 28, 2002

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PORTFOLIO CHARACTERISTICS

| | | |
|--|-----------------|-------------|
| Net Assets | \$ | 985,981,679 |
| Assets Invested in Senior Loans* | \$1,644,669,913 | |
| Total Number of Senior Loans | | 254 |
| Average Amount Outstanding per Loan | \$ | 6,475,078 |
| Total Number of Industries | | 34 |
| Average Loan Amount per Industry | \$ | 48,372,645 |
| Portfolio Turnover Rate (YTD) | | 53% |
| Weighted Average Days to Interest Rate Reset | | 46 days |
| Average Loan Final Maturity | | 51 months |
| Total Leverage as a Percentage of Total Assets (including Preferred Shares) | | 42.5% |

* Includes loans and other debt received through restructurings

TOP TEN SENIOR LOAN INDUSTRIES AS A PERCENTAGE OF:

| | NET ASSETS | TOTAL ASSETS |
|---|------------|--------------|
| | ----- | ----- |
| Cable Television | 11.5% | 6.6% |
| Cellular Communications | 11.3% | 6.5% |
| Healthcare, Education and Childcare | 10.3% | 5.9% |
| Lodging | 10.0% | 5.8% |
| Leisure, Amusement, Motion Pictures and Entertainment | 10.0% | 5.7% |
| Chemicals, Plastics and Rubber | 8.4% | 4.9% |
| Containers, Packaging and Glass | 7.6% | 4.4% |
| Aerospace and Defense | 7.3% | 4.2% |
| Automobile | 6.2% | 3.6% |
| Beverage, Food and Tobacco | 6.2% | 3.5% |

TOP TEN SENIOR LOANS AS A PERCENTAGE OF:

| | NET ASSETS | TOTAL ASSETS |
|---|------------|--------------|
| | ----- | ----- |
| Nextel Finance Co. | 5.0% | 2.8% |
| Charter Communications Operating LLC | 4.5% | 2.6% |
| Broadwing Corporation | 2.8% | 1.6% |
| Wyndham International, Inc. | 2.5% | 1.4% |
| Allied Waste Industries, Inc. | 2.4% | 1.4% |
| SC International Services | 2.4% | 1.4% |
| Starwood Hotels & Resorts Worldwide, Inc. | 2.3% | 1.3% |
| Ford Motor Credit Corp. | 2.0% | 1.1% |
| Dean Foods Corporation | 1.7% | 1.0% |
| Western Wireless Corp. | 1.7% | 1.0% |

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ING Prime Rate Trust

 STATISTICS AND PERFORMANCE as of February 28, 2002

YIELDS AND DISTRIBUTION RATES

| | (NAV) | (MKT) | Average | Average |
|-------|------------|------------|----------------------------|----------------------------|
| Prime | 30-Day SEC | 30-Day SEC | Annualized Distribution | Annualized Distribution |

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| Quarter-ended | Rate | Yield(A) | Yield(A) | Rate at NAV(B) | Rate at MKT(B) |
|-------------------|-------|----------|----------|----------------|----------------|
| February 28, 2002 | 4.75% | 7.26% | 7.73% | 6.80% | 7.31% |
| November 30, 2001 | 5.00% | 8.33% | 9.26% | 7.48% | 8.23% |
| August 31, 2001 | 6.50% | 10.49% | 10.69% | 8.19% | 8.37% |
| May 31, 2001 | 7.00% | 11.20% | 11.38% | 9.42% | 9.50% |

AVERAGE ANNUAL TOTAL RETURNS

| | NAV | MKT |
|----------------------------------|--------|--------|
| 1 Year | -3.02% | -9.20% |
| 3 Years | 0.89% | -2.04% |
| 5 Years | 3.65% | 1.23% |
| 10 Years | 5.70% | N/A |
| Since Trust Inception(F,H) | 6.73% | N/A |
| Since Initial Trading on NYSE(G) | N/A | 5.56% |

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 performance footnotes on page 7.

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ING Prime Rate Trust

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) 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

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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.
- (G) Initial Trading on NYSE -- March 9, 1992.
- (H) Reflects partial waiver of fees.

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ING Prime Rate Trust

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 common shareholders a simple way to reinvest dividends and capital gains distributions, if any, in additional common shares of the Trust. The Program also offers Trust common shareholders the ability to make optional cash investments in any amount from \$100 to \$5,000 on a monthly basis. Amounts in excess of \$5,000 require prior approval of the Trust. DST Systems, Inc., the Trust's Transfer Agent, is the Administrator for the Program.

For dividend reinvestment purposes, the Administrator 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 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 Administrator 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 2002 Dividends:

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| DECLARATION DATE | EX-DATE | PAYABLE DATE |
|------------------|-------------|------------------|
| January 31 | February 7 | February 25 |
| February 28 | March 7 | March 22 |
| March 28 | April 8 | April 22 |
| April 30 | May 8 | May 22 |
| May 31 | June 6 | June 24 |
| June 28 | July 8 | July 22 |
| July 31 | August 8 | August 22 |
| August 30 | September 6 | September 23 |
| September 30 | October 8 | October 22 |
| October 31 | November 7 | November 22 |
| November 29 | December 6 | December 23 |
| December 20 | December 27 | January 13, 2003 |

RECORD DATE WILL BE TWO BUSINESS DAYS AFTER EACH EX-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. On November 16, 1998 the Trust's name changed to Pilgrim Prime Rate Trust and its cusip number became 72146W 10 3. Prior to November 16, 1998 the Trust's name was Pilgrim America Prime Rate Trust and its cusip number was 720906 10 6. 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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ING Prime Rate Trust

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and the Board of Trustees
ING Prime Rate Trust:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the ING Prime Rate Trust (the "Trust") (formerly the Pilgrim Prime Rate Trust) as of February 28, 2002, and the related statements of operations and cash flows for the year then ended, and the statements of changes in net assets for each of the years in the two-year period ended February 28, 2002, and the financial highlights for each of the years in the seven-year period ended February 28, 2002. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. For all periods ending prior to March 1, 1995, the financial highlights were audited by the auditors whose report thereon dated March 16, 1995, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

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accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of investments owned as of February 28, 2002 by confirmation with the custodian and other procedures we considered necessary. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the ING Prime Rate Trust as of February 28, 2002 and the results of its operations and its cash flows for the year then ended, and the changes in its net assets for each of the years in the two-year period ended February 28, 2002, and financial highlights for each of the years in the seven-year period ended February 28, 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Los Angeles, California
April 19, 2002

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ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2002

Senior Loans*

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|-----------------------------|---|--------------------------------------|-----|--------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Aerospace and Defense: 7.3% | | | | |
| \$ 2,329,252 | Aerostructures Corp. Term Loan, maturing May 09, 2003 | NR | BB- | \$ 2,253,551 |
| 2,906,644 | Alliant Techsystems, Inc. Term Loan, maturing April 20, 2009 | B1 | BB- | 2,941,840 |
| 14,546,889 | Avborne Term Loan, maturing June 30, 2005 | NR | NR | 9,091,806 |
| 1,995,000 | DRS Technologies Term Loan, maturing September 30, 2008 | Ba3 | BB- | 2,014,950 |
| 8,529,838 | Erickson Air-Crane Company Term Loan, maturing December 31, 2004 | NR | NR | 8,347,998 |
| 8,550,661 | New Piper Aircraft Term Loan, maturing April 15, 2005 | NR | NR | 8,443,777 |
| 6,239,878 | Piedmont Aviation Services Term Loan, maturing July 23, 2006 | NR | NR | 6,177,479 |
| 6,239,878 | Term Loan, maturing July 23, 2007 | | | 6,177,479 |

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| | | | | |
|------------------|--|------|------|------------|
| 3,447,368 | Titan Corporation | Ba3 | BB- | 3,451,678 |
| 2,992,386 | Term Loan, maturing February 23, 2007 | | | 2,996,126 |
| | Transdigm Holding Corporation | B1 | B+ | |
| 556,354 | Term Loan, maturing May 15, 2006 | | | 548,589 |
| 1,426,719 | Term Loan, maturing May 15, 2007 | | | 1,406,805 |
| | Transtar Metals, Inc. | NR | NR | |
| 14,866,071 | Term Loan, maturing December 31, 2005(3) | | | 8,919,643 |
| | United Defense Industries | B1 | BB- | |
| 6,053,734 | Term Loan, maturing August 13, 2009 | | | 6,083,058 |
| | Vought Aircraft Industries, Inc. | Ba3 | B | |
| 3,083,333 | Term Loan, maturing December 31, 2006 | | | 2,944,583 |
| | | | | ----- |
| | | | | 71,799,362 |
| | | | | ----- |
| Automobile: 6.2% | | | | |
| | Breed Technolgies, Inc. | NR | NR | |
| 1,612,242 | Term Loan, maturing December 20, 2004 | | | 1,371,414 |
| | Capital Tool & Design, Ltd. | NR | NR | |
| 9,131,964 | Term Loan, maturing May 31, 2003 | | | 8,858,005 |
| | Collins & Aikman Products | Ba3 | BB- | |
| 3,000,000 | Term Loan, maturing June 30, 2005 | | | 3,007,188 |
| | Dura Operating Corp | Ba3 | BB- | |
| 3,855,380 | Term Loan, maturing March 31, 2006 | | | 3,854,177 |
| | Exide Technologies | Caa2 | CCC | |
| 5,210,467 | Term Loan, maturing March 18, 2005 | | | 3,966,468 |
| | Ford Motor Credit Company | Baa1 | BBB+ | |
| 20,000,000 | Floating Rate Note maturing October 25, 2004 | | | 19,664,940 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ | | Value |
|------------------------|--|-----------------------|-----|--------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Automobile (continued) | | | | |
| \$ 5,478,750 | Hayes Lemmerz International, Inc.(2) Term Loan, maturing December 31, 2005(3) | Caa2 | NR | \$ 4,427,275 |

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| | | | | |
|----------------------------------|---|-----|------|------------|
| | Metaldyne Company, LLC | Ba3 | BB- | |
| 3,354,532 | Term Loan, maturing June 21, 2009 | | | 3,193,095 |
| | Safelite Glass Corp. | B3 | NR | |
| 5,723,514 | Term Loan, maturing September 30, 2007 | | | 5,823,676 |
| 7,105,846 | Term Loan, maturing September 30, 2007 | | | 7,230,199 |
| | | | | ----- |
| | | | | 61,396,437 |
| | | | | ----- |
| Banking: 1.2% | | | | |
| | Outsourcing Solutions, Inc. | B2 | B+ | |
| 12,231,030 | Term Loan, maturing June 10, 2006 | | | 11,405,436 |
| | | | | ----- |
| | | | | 11,405,436 |
| | | | | ----- |
| Beverage, Food and Tobacco: 6.2% | | | | |
| | Aurora Foods | B2 | B | |
| 1,920,000 | Revolving Loan, maturing June 30, 2005 | | | 1,797,600 |
| 4,963,563 | Term Loan, maturing June 30, 2005 | | | 4,897,384 |
| | Commonwealth Brands, Inc. | Ba3 | BB- | |
| 2,265,170 | Term Loan, maturing December 31, 2004 | | | 2,270,833 |
| | Cott Corporation | Ba3 | BB | |
| 1,930,000 | Term Loan, maturing December 31, 2006 | | | 1,939,650 |
| | CP Kelco ApS | B1 | B+ | |
| 5,232,963 | Term Loan, maturing March 31, 2008 | | | 4,945,150 |
| 1,748,704 | Term Loan, maturing September 30, 2008 | | | 1,652,525 |
| | Dean Foods Corporation | Ba2 | BB+ | |
| 17,000,000 | Term Loan, maturing July 15, 2008 | | | 17,145,707 |
| | Empire Kosher Poultry | NR | NR | |
| 13,545,000 | Term Loan, maturing July 31, 2004 | | | 8,262,450 |
| | Flower Foods | Ba2 | BBB- | |
| 2,487,500 | Term Loan, maturing March 26, 2007 | | | 2,505,845 |
| | Imperial Sugar Company | NR | NR | |
| 949,055 | Term Loan, maturing December 31, 2005 | | | 768,735 |
| 1,025,865 | Term Loan, maturing December 31, 2003 | | | 830,950 |
| | Interstate Bakeries Corporation | BA1 | BBB- | |
| 2,985,000 | Term Loan, maturing July 19, 2007 | | | 3,003,656 |
| | Mafco Worldwide Corp. | B1 | B | |
| 3,666,667 | Term Loan, maturing March 31, 2006 | | | 3,639,627 |
| | New World Coffee Manhattan Bagel, Inc. | B3 | B- | |
| 4,000,000 | Secured Floating Rate Note maturing June 15, 2003 | | | 4,000,000 |
| | Nutrasweet Acquisition Corp. | Ba3 | NR | |
| 962,868 | Term Loan, maturing May 25, 2007 | | | 962,868 |

See Accompanying Notes to Financial Statements

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 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|---|---|--------------------------------------|------|--------------|
| | | Moody's | S&P | |
| Beverage, Food and Tobacco: (continued) | | | | |
| \$ 2,377,056 | Pabst Brewing Company Term Loan, maturing April 27, 2003 | NR | CCC | \$ 2,186,892 |
| | | | | 60,809,872 |
| Building and Real Estate: 5.6% | | | | |
| 4,987,500 | Corrections Corporation Of America Term Loan, maturing December 31, 2002 | B2 | B | 4,987,500 |
| 9,391,605 | Term Loan, maturing December 31, 2002 | | | 9,370,871 |
| 3,865,243 | HQ Global WorkPlaces, Inc.(2) Term Loan, maturing November 06, 2005(3) | NR | NR | 2,898,933 |
| 1,075,454 | Kevco, Inc.(2) Term Loan, maturing February 02, 2005(3) | NR | D | 737,923 |
| 8,835,292 | National Golf Operating Partnership, L.P Term Loan, maturing July 22, 2004 | NR | NR | 8,172,645 |
| 7,140,645 | Rodamco North America Term Loan, maturing November 08, 2002 | Baa3 | BBB- | 7,033,536 |
| 1,331,974 | Term Loan, maturing September 25, 2002 | | | 1,331,974 |
| 5,137,631 | U.S. Aggregates Term Loan, maturing March 31, 2006(3) | NR | NR | 3,978,191 |
| 1,379,705 | Ventas Realty Limited Partnership Term Loan, maturing December 31, 2005 | NR | NR | 1,380,137 |
| 15,073,116 | Term Loan, maturing December 31, 2007 | | | 15,079,401 |
| | | | | 54,971,111 |
| Cable Television: 11.5% | | | | |
| 8,000,000 | CC VI Operating Co., LLC Term Loan, maturing November 12, 2008 | Ba3 | BB | 7,788,000 |
| 4,500,000 | CC VIII Operating Co., LLC Term Loan, maturing February 02, 2008 | Ba3 | BB+ | 4,383,563 |
| 8,000,000 | Century Cable Holdings, LLC Term Loan, maturing June 30, 2009 | Ba2 | BB | 7,915,000 |
| 5,000,000 | Term Loan, maturing December 31, 2009 | | | 4,948,010 |

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| | | | | |
|------------|---|-----|------|-------------|
| 20,000,000 | Charter Communications Operating, LLC Term Loan, maturing September 18, 2008 | Ba3 | BBB- | 19,390,000 |
| 26,056,250 | Term Loan, maturing March 18, 2008 | | | 25,273,468 |
| 14,500,000 | Insight Midwest Holdings, LLC Term Loan, maturing December 31, 2009 | Ba3 | BB+ | 14,558,261 |
| 997,500 | Lodgenet Entertainment Corp. Term Loan, maturing June 30, 2006 | Ba3 | B+ | 985,031 |
| 13,500,000 | MCC Iowa Mediacom Broadband Term Loan, maturing September 30, 2010 | Ba3 | BB+ | 13,569,376 |
| 15,000,000 | Olympus Cable Holdings, LLC Term Loan, maturing September 30, 2010 | Ba2 | BB | 14,907,420 |
| | | | | 113,718,129 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|-----------------------|---|--------------------------------------|-----|--------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Cargo Transport: 4.8% | | | | |
| \$ 2,092,959 | American Commercial Lines Term Loan, maturing June 30, 2007 | B3 | B+ | \$ 1,924,999 |
| 1,459,161 | Term Loan, maturing June 30, 2006 | | | 1,342,063 |
| 2,249,114 | Evergreen International Aviation, Inc. Term Loan, maturing May 07, 2003 | Ba2 | B+ | 2,035,448 |
| 94,793 | Term Loan, maturing May 31, 2002 | | | 85,788 |
| 346,546 | Term Loan, maturing May 07, 2003 | | | 313,624 |
| 4,117,116 | Gemini Leasing, Inc. Term Loan, maturing August 12, 2005 (3) | B1 | NR | 2,058,558 |
| 15,739,480 | Interpool, Inc. Term Loan, maturing October 26, 2002 | Ba2 | BBB | 15,788,666 |
| 5,000,000 | Motor Coach Industries International, Inc. Term Loan, maturing June 16, 2006 | B2 | B | 4,200,000 |
| 9,639,990 | Neoplan USA Corporation Term Loan, maturing May 29, 2005 | NR | NR | 9,639,990 |
| | Omnitrax Railroads, LLC | NR | NR | |

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| | | | | |
|--------------------------------|--|-----|-----|------------|
| 4,843,219 | Term Loan, maturing May 13, 2005 | | | 4,831,111 |
| | Oshkosh Truck Company | Ba2 | BB+ | |
| 2,962,500 | Term Loan, maturing January 31, 2007 | | | 2,988,422 |
| | Railamerica, Inc. | Ba3 | BB- | |
| 1,199,061 | Term Loan, maturing December 31, 2005 | | | 1,185,572 |
| 188,523 | Revolving Loan, maturing December 31, 2005 | | | 184,988 |
| 452,280 | Term Loan, maturing December 31, 2006 | | | 454,259 |
| | | | | ----- |
| | | | | 47,033,488 |
| | | | | ----- |
| Cellular Communications: 11.3% | | | | |
| | Airgate PCS, Inc. | B2 | B2 | |
| 7,295,114 | Term Loan, maturing September 30, 2008 | | | 7,240,401 |
| 967,427 | Term Loan, maturing August 29, 2007 | | | 960,171 |
| | American Cellular Corporation | Ba3 | BB- | |
| 4,521,813 | Term Loan, maturing March 31, 2009 | | | 4,425,467 |
| 2,592,246 | Term Loan, maturing March 31, 2008 | | | 2,537,013 |
| | Microcell Connexions, Inc. | B3 | CC | |
| 5,000,000 | Term Loan, maturing February 22, 2007 | | | 4,250,000 |
| | Independent Wireless One | B2 | B- | |
| 10,000,000 | Term Loan, maturing June 20, 2008 | | | 9,825,000 |
| | Nextel Finance Company | Ba2 | BB- | |
| 4,750,000 | Term Loan, maturing June 30, 2008 | | | 3,933,394 |
| 50,500,000 | Term Loan, maturing March 31, 2009 | | | 41,089,527 |
| 4,750,000 | Term Loan, maturing December 31, 2008 | | | 3,933,394 |
| | Nextel Operations, Inc. | Ba2 | BB- | |
| 6,611,043 | Term Loan, maturing March 15, 2006 | | | 6,552,177 |
| | Rural Cellular Corp. | Ba3 | B+ | |
| 4,990,078 | Term Loan, maturing October 03, 2008 | | | 4,601,565 |
| 4,990,078 | Term Loan, maturing April 03, 2009 | | | 4,601,565 |

See Accompanying Notes to Financial Statements

ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ | | Value |
|-------------------------------------|---|-----------------------|-----|--------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Cellular Communications (continued) | | | | |
| \$ 3,600,000 | Western Wireless Revolving Loan, maturing March 31, 2008 | Ba2 | Ba2 | \$ 3,078,000 |

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| | | | | |
|--------------------------------------|--|------|------|-------------|
| 8,000,000 | Term Loan, maturing March 31, 2008 | | | 6,870,000 |
| 8,000,000 | Term Loan, maturing September 30, 2008 | | | 7,146,664 |
| | | | | 111,044,338 |
| Chemicals, Plastics and Rubber: 8.4% | | | | |
| | Acadia Elastomers Corp. | NR | NR | |
| 9,452,555 | Term Loan, maturing March 31, 2004 | | | 9,045,206 |
| | Cedar Chemicals Corporation | NR | NR | |
| 10,943,864 | Term Loan, maturing October 31, 2003(3) | | | 2,735,966 |
| | Equistar Chemicals, L.P. | Ba2 | BBB | |
| 4,987,500 | Term Loan, maturing August 24, 2007 | | | 5,005,166 |
| | Euro United Corp(4) | NR | NR | |
| 14,887,500 | Term Loan, maturing May 31, 2001(3) | | | 4,466,250 |
| | Foam Fabricators, Inc. | NR | NR | |
| 3,889,180 | Term Loan, maturing March 05, 2005 | | | 3,879,457 |
| | Foamex, L.P. | B3 | BB- | |
| 3,263,101 | Term Loan, maturing June 30, 2005 | | | 3,177,444 |
| 2,966,466 | Term Loan, maturing June 30, 2006 | | | 2,888,596 |
| | Geo Speciality Chemicals, Inc. | B1 | B+ | |
| 3,000,000 | Term Loan, maturing December 31, 2007 | | | 2,895,000 |
| | Hercules Incorporated | Ba1 | BB | |
| 11,137,327 | Term Loan, maturing October 15, 2003 | | | 11,119,931 |
| 1,980,000 | Term Loan, maturing November 15, 2005 | | | 1,984,744 |
| | Huntsman Corporation | Caa2 | D | |
| 5,099,561 | Revolving Loan, maturing February 07, 2003 | | | 3,374,186 |
| 5,800,000 | Term Loan, maturing December 31, 2002 | | | 5,792,750 |
| 260,155 | Term Loan, maturing September 30, 2003 | | | 172,028 |
| 7,000,000 | Term Loan, maturing December 31, 2005 | | | 4,628,750 |
| | Huntsman International, LLC | B2 | B+ | |
| 3,158,023 | Term Loan, maturing June 30, 2008 | | | 3,081,226 |
| 1,612,264 | Term Loan, maturing June 30, 2005 | | | 1,549,386 |
| 3,158,023 | Term Loan, maturing June 30, 2007 | | | 3,081,226 |
| | Lyondell Chemical Company | Ba3 | BB | |
| 4,963,386 | Term Loan, maturing May 17, 2006 | | | 5,008,886 |
| | Millennium America, Inc. | Baa3 | BBB- | |
| 1,840,000 | Term Loan, maturing June 18, 2006 | | | 1,849,200 |
| | Noveon, Inc. | B1 | BB- | |
| 4,711,250 | Term Loan, maturing September 30, 2008 | | | 4,718,614 |
| | OM Group, Inc. | Ba3 | BB | |
| 1,994,991 | Term Loan, maturing April 01, 2007 | | | 2,003,511 |
| | | | | 82,457,523 |

See Accompanying Notes to Financial Statements

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 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|-------------------------------------|--|--------------------------------------|------|------------------------------|
| | | Moody's | S&P | |
| Containers, Packaging & Glass: 7.6% | | | | |
| \$ 8,772,601 | Blue Ridge Paper Products Term Loan, maturing May 14, 2006 | B2 | B+ | \$ 8,772,601 |
| 2,382,990 | Greif Bros. Corp. Term Loan, maturing April 03, 2002 | Ba3 | BB | 2,373,559 |
| 2,311,664 | Term Loan, maturing February 28, 2008 | | | 2,323,463 |
| 4,800,000 | Impaxx, Inc. Term Loan, maturing December 31, 2005 | NR | NR | 4,750,609 |
| 3,000,000 | Jefferson Smurfit Corp. Term Loan, maturing March 31, 2007 | Ba3 | B+ | 3,002,292 |
| 14,881,108 | Lincoln Pulp & Eastern Fine Paper Corp. (2) Term Loan, maturing August 31, 2004 | NR | NR | 13,032,232 |
| 92,280 | Term Loan, maturing December 31, 2001 | | | 92,637 |
| 2,295,403 | Nexpak Corporation Term Loan, maturing December 31, 2006 | B1 | B+ | 1,916,661 |
| 2,295,403 | Term Loan, maturing December 31, 2005 | | | 1,916,661 |
| 1,510,295 | Packaging Corporation Of America Term Loan, maturing June 29, 2006 | Baa3 | BBB | 1,507,778 |
| 2,946,429 | Pliant Corp. Term Loan, maturing May 31, 2008 | B2 | B+ | 2,924,330 |
| 2,985,000 | Potlatch Corporation Term Loan, maturing June 29, 2005 | Baa2 | BBB- | 2,996,815 |
| 1,008,333 | Riverwood International Corporation Revolving Loan, maturing December 31, 2006 | B1 | B+ | 974,932 |
| 15,000,000 | Term Loan, maturing December 31, 2006 | | | 15,079,020 |
| 5,630,489 | Stone Container Corp. Term Loan, maturing December 31, 2005 | Ba3 | B+ | 5,637,527 |
| 5,068,574 | Term Loan, maturing December 31, 2006 | | | 5,067,520 |
| 2,955,000 | Tekni-Plex, Inc. Term Loan, maturing June 21, 2008 | B1 | B+ | 2,925,450 |
| | | | | ----- 75,294,087 ----- |

Data and Internet Services: 1.6%

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| | | | | |
|-----------|---|------|----|-----------|
| 7,500,000 | 360Networks, Inc.(2) | NR | D | 1,375,000 |
| 5,000,000 | Term Loan, maturing December 31, 2007(3) | | | 850,000 |
| | Term Loan, maturing September 30, 2007(3) | | | |
| 8,515,897 | Arch Wireless Holdings, Inc.(2) | Caa1 | D | 1,450,368 |
| | Term Loan, maturing June 30, 2006(3) | | | |
| 6,995,226 | ICG Equipment, Inc.(2) | Caa3 | D | 6,610,489 |
| | Term Loan, maturing March 31, 2006 | | | |
| 2,000,000 | McLeod USA Corp.(2) | Caa2 | D | 1,260,000 |
| | Term Loan, maturing May 30, 2008 | | | |
| 9,896,064 | Teletouch Communications(2) | NR | NR | 3,661,544 |
| | Term Loan, maturing November 30, 2004(3) | | | |
| 4,750,000 | Teligent, Inc.(2) | NR | NR | 148,438 |
| | Term Loan, maturing June 30, 2006(3) | | | |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|--|--|--------------------------------------|-----|------------------------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Data and Internet Services: (continued) | | | | |
| \$ 11,440,280 | TSR Wireless(1) | NR | NR | \$ 188,480 |
| | Term Loan, maturing June 30, 2005(3) | | | ----- 15,544,319 ----- |
| Diversified/Conglomerate Manufacturing: 4.1% | | | | |
| 8,498,223 | Allied Digital Technologies Corp.(2) | NR | NR | 709,733 |
| | Term Loan, maturing December 31, 2005(3) | | | |
| 4,863,375 | Barjan Products LLC | NR | NR | 4,644,523 |
| | Term Loan, maturing May 31, 2006 | | | |
| 5,957,531 | Dresser, Inc. | Ba3 | BB- | 6,002,213 |
| | Term Loan, maturing April 10, 2009 | | | |
| 3,725,589 | General Cable Corporation | Ba3 | BB+ | 3,592,865 |
| | Term Loan, maturing May 27, 2007 | | | |
| 1,990,000 | Manitowoc Company, Inc. | Ba2 | BB | 2,003,930 |
| | Term Loan, maturing May 09, 2007 | | | |

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| | | | | |
|--|---|-----|-----|------------|
| 2,992,386 | Mueller Group, Inc. Term Loan, maturing April 17, 2008 | B1 | B+ | 3,006,100 |
| 3,000,000 | Neptune Technology Group Term Loan, maturing November 01, 2008 | Ba3 | BB- | 3,030,000 |
| 4,950,040 | SPX Corporation Term Loan, maturing December 31, 2007 | Ba2 | BB+ | 4,960,351 |
| 6,900,000 | Term Loan, maturing September 30, 2004 | | | 6,865,500 |
| 6,214,397 | United Pet Group Term Loan, maturing March 31, 2006 | NR | NR | 6,232,862 |
| | | | | ----- |
| | | | | 41,048,077 |
| | | | | ----- |
| Diversified/Conglomerate Service: 2.4% | | | | |
| 1,548,033 | Enterprise Profit Solutions Corp. Term Loan, maturing June 14, 2001(3) | NR | NR | 30,961 |
| 7,086,460 | Mafco Finance Corp. Term Loan, maturing August 14, 2002 | NR | NR | 7,020,024 |
| 3,955,072 | Private Business Term Loan, maturing August 19, 2006 | NR | NR | 3,915,521 |
| 10,283,277 | URS Corporation Term Loan, maturing June 09, 2005 | Ba3 | BB | 9,897,654 |
| 742,857 | Revolving Loan, maturing June 09, 2005 | | | 715,000 |
| 1,218,750 | Term Loan, maturing June 09, 2007 | | | 1,180,664 |
| 1,218,750 | Term Loan, maturing June 09, 2006 | | | 1,180,664 |
| | | | | ----- |
| | | | | 23,940,488 |
| | | | | ----- |
| Ecological: 3.5% | | | | |
| 10,245,003 | Allied Waste North America, Inc. Term Loan, maturing July 21, 2006 | Ba3 | BB | 10,132,170 |
| 1,631,678 | Term Loan, maturing July 21, 2005 | | | 1,585,922 |
| 12,294,003 | Term Loan, maturing July 21, 2007 | | | 12,137,931 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|---------------------|------------------------------|--------------------------------------|-----|-------|
| | | Moody's | S&P | |
| ----- | | | | |

Ecological: (continued)

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| | | | | |
|-------------------|--|------|-----|------------------------------|
| \$ 3,874,419 | American Ref-Fuel Company LLC Term Loan, maturing April 30, 2005 | Baa2 | BBB | \$ 3,903,477 |
| 7,143,312 | Rumpke Consolidated Company Term Loan, maturing September 26, 2002 | NR | NR | 7,109,381 |
| | | | | ----- 34,868,881 ----- |
| Electronics: 3.4% | | | | |
| 11,184,314 | Acterna LLC Term Loan, maturing September 30, 2007 | Caa1 | B | 7,681,956 |
| 2,188,647 | Decision One Corporation Term Loan, maturing April 18, 2005 | NR | NR | 1,696,201 |
| 11,037,214 | Term Loan, maturing April 18, 2005 | | | 8,553,841 |
| 2,405,453 | Electro Mechanical Solutions(2) Term Loan, maturing June 30, 2004(3) | NR | NR | -- |
| 4,937,510 | Insilco Technologies, Inc. Term Loan, maturing March 25, 2007 | Caa2 | D | 2,962,507 |
| 3,421,448 | Knowles Electronics, Inc. Term Loan, maturing June 29, 2007 | B1 | B+ | 3,276,037 |
| 8,993,645 | Sarcom, Inc. Term Loan, maturing June 30, 2001(3) | NR | NR | 7,374,789 |
| 2,000,000 | Transaction Network Services, Inc. Term Loan, maturing April 03, 2007 | Ba3 | BB- | 1,995,000 |
| | | | | ----- 33,540,331 ----- |
| Finance: 4.0% | | | | |
| 725,446 | Alliance Data Systems Corporation Term Loan, maturing August 30, 2002 | B1 | B+ | 700,056 |
| 14,100,000 | Term Loan, maturing August 30, 2002 | | | 13,941,375 |
| 14,625,000 | Anthony Crane Rental, L.P. Term Loan, maturing July 20, 2006 | B2 | B+ | 11,224,688 |
| 1,311,211 | Bridge Information Systems(2) Term Loan, maturing April 01, 2001(3) | NR | NR | 745,634 |
| 664,839 | Term Loan, maturing April 01, 2001(3) | | | 378,067 |
| 3,736,604 | Term Loan, maturing May 29, 2005(3) | | | 1,494,642 |
| 2,963,898 | Rent-A-Center, Inc. Term Loan, maturing January 31, 2006 | Ba2 | BB- | 2,944,138 |
| 1,882,666 | Term Loan, maturing December 31, 2007 | | | 1,877,958 |
| 4,751,886 | Term Loan, maturing January 31, 2007 | | | 4,720,205 |
| 1,500,000 | Value Asset Management, Inc. Term Loan, maturing April 28, 2003 | B1 | NR | 1,488,750 |
| | | | | ----- 39,515,513 ----- |
| Gaming: 5.4% | | | | |
| | Aladdin Gaming LLC(2) | NR | D | |

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| | | |
|-----------|--|-----------|
| 2,968,421 | Term Loan, maturing August 26, 2006(3) | 2,101,642 |
| 4,455,000 | Term Loan, maturing February 26, 2008(3) | 3,154,140 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|--|--|--------------------------------------|-----|------------------------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Gaming: (continued) | | | | |
| \$ 5,000,000 | Alliance Gaming Corporation Term Loan, maturing December 31, 2006 | B1 | B+ | \$ 5,043,750 |
| 1,364,361 | Ameristar Casinos, Inc. Term Loan, maturing December 20, 2007 | Ba3 | B+ | 1,376,726 |
| 1,591,754 | Term Loan, maturing December 20, 2006 | | | 1,606,180 |
| 4,477,500 | Argosy Gaming Company Term Loan, maturing July 31, 2008 | Ba2 | BB | 4,537,199 |
| 6,343,742 | Boyd Gaming Corporation Revolving Loan, maturing June 15, 2003 | Ba1 | B+ | 6,304,039 |
| 17,000,000 | Mandalay Resort Group Term Loan, maturing July 26, 2006 | Ba2 | BB+ | 16,962,821 |
| 2,495,076 | Palace Station Hotel & Casino Revolving Loan, maturing September 30, 2003 | Ba2 | BB+ | 2,420,224 |
| 4,925,000 | Penn National Gaming Term Loan, maturing August 08, 2006 | Ba3 | B+ | 4,951,472 |
| 4,937,500 | Scientific Games Corporation Term Loan, maturing September 30, 2007 | B1 | B+ | 4,956,016 |
| | | | | ----- 53,414,209 ----- |
| Grocery: 0.2% | | | | |
| 883,075 | Grand Union Company(2) Term Loan, maturing August 17, 2003(3) | NR | NR | 13,246 |
| 2,470,000 | Winn Dixie Stores, Inc. Term Loan, maturing March 29, 2007 | Baa3 | BBB | 2,480,036 |
| | | | | ----- 2,493,282 ----- |
| Healthcare, Education and Childcare: 10.3% | | | | |

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| | | | | |
|------------|---|-----|------|------------|
| 1,322,713 | Advance PCS Term Loan, maturing October 02, 2007 | Ba1 | BB+ | 1,326,846 |
| 1,302,985 | Alliance Imaging, Inc. Term Loan, maturing November 02, 2007 | B1 | B+ | 1,310,858 |
| 1,419,847 | Term Loan, maturing November 02, 2006 | | | 1,395,000 |
| 4,623,838 | Term Loan, maturing November 02, 2008 | | | 4,651,775 |
| 2,566,667 | Alpharma Operating Corp. Term Loan, maturing October 05, 2008 | B1 | BB- | 2,558,646 |
| 4,987,500 | Apria Healthcare Group, Inc. Term Loan, maturing July 20, 2007 | Ba1 | BBB- | 5,005,166 |
| 11,453,904 | Brown Schools' (The) Term Loan, maturing June 30, 2003 | NR | NR | 11,152,821 |
| 2,977,500 | Caremark Rx, Inc. Term Loan, maturing March 15, 2006 | Ba3 | BB | 3,008,207 |
| 2,116,858 | Community Health Systems Term Loan, maturing December 31, 2003 | Ba3 | B+ | 2,127,630 |
| 2,116,858 | Term Loan, maturing December 31, 2004 | | | 2,128,765 |
| 1,299,504 | Term Loan, maturing December 31, 2005 | | | 1,308,438 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|---|---|--------------------------------------|-----|--------------|
| | | Moody's | S&P | |
| Healthcare, Education and Childcare (continued) | | | | |
| \$ 3,250,000 | Concentra Managed Care, Inc. Term Loan, maturing June 30, 2006 | B1 | B+ | \$ 3,260,156 |
| 1,625,000 | Term Loan, maturing June 30, 2007 | | | 1,630,078 |
| 5,734,683 | Covenant Care, Inc. Term Loan, maturing June 30, 2003 | NR | NR | 5,634,326 |
| 2,164,404 | Express Scripts, Inc. Term Loan, maturing March 31, 2005 | Ba1 | BB+ | 2,150,877 |
| 12,352,941 | Fountain View(2) Term Loan, maturing March 31, 2004 | NR | NR | 11,815,475 |
| 1,739,725 | Genesis Health Ventures, Inc. Term Loan, maturing March 31, 2007 | Ba3 | BB- | 1,744,695 |

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| | | | | |
|--|---|------|------|-------------|
| 2,254,623 | Term Loan, maturing March 31, 2007 | | | 2,262,854 |
| 1,555,582 | Floating Rate Note maturing April 02, 2007 | | | 1,555,582 |
| 10,285,714 | HCA -- The Healthcare Company Term Loan, maturing April 30, 2006 | Ba1 | BBB- | 10,181,253 |
| 3,956,500 | Healthcare Direct, Inc. Term Loan, maturing August 01, 2006 | NR | NR | 3,919,981 |
| 1,519,158 | Term Loan, maturing August 01, 2004 | | | 1,481,578 |
| 3,980,000 | Kinetic Concepts, Inc. Term Loan, maturing March 31, 2006 | Ba3 | B | 3,989,950 |
| 1,985,518 | Magellan Health Services, Inc. Term Loan, maturing February 12, 2006 | B1 | B+ | 1,989,551 |
| 1,985,518 | Term Loan, maturing February 12, 2005 | | | 1,989,551 |
| 3,630,168 | Mariner Post Acute Network, Inc.(2) Term Loan, maturing March 31, 2006(3) | NR | NR | 2,049,230 |
| 4,433,302 | Term Loan, maturing March 31, 2005(3) | | | 2,502,599 |
| 2,992,500 | Medpointe, Inc. Term Loan, maturing September 30, 2008 | B1 | B+ | 2,982,215 |
| 1,166,239 | Sybron Dental -- Specialities, Inc. Term Loan, maturing November 28, 2007 | Ba3 | BB- | 1,177,172 |
| 1,166,667 | Term Loan, maturing November 28, 2007 | | | 1,177,604 |
| 1,994,545 | Triad Hospitals, Inc. Term Loan, maturing September 30, 2008 | Ba3 | B+ | 2,019,615 |
| 2,898,018 | Vision Twenty-One Term Loan, maturing October 31, 2002 | NR | NR | 289,802 |
| | | | | ----- |
| | | | | 101,778,296 |
| | | | | ----- |
| Home and Office Furnishings, Housewares, and Durable Consumer Products: 1.3% | | | | |
| 722,983 | American Blind & Wallpaper Factory, Inc. Term Loan, maturing December 29, 2005 | NR | NR | 722,983 |
| 7,136,218 | Desa International, Inc. Term Loan, maturing November 26, 2004 | Caa2 | D | 5,334,323 |
| 3,628,288 | Holmes Products Corporation Term Loan, maturing February 05, 2007 | B2 | B | 2,920,772 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

Bank Loan
 Ratings+

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| Principal Amount | Borrower/Tranche Description | (unaudited) | | Value |
|---|--|-------------|------|--------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Home and Office Furnishings, Housewares, and Durable Consumer Products: (continued) | | | | |
| \$ 4,525,000 | Identity Group, Inc. Term Loan, maturing May 11, 2007 | | | \$ 2,896,000 |
| 833,725 | Imperial Home Decor Group, Inc. Term Loan, maturing April 04, 2006 | NR | NR | 771,195 |
| | | | | ----- |
| | | | | 12,645,273 |
| | | | | ----- |
| Insurance: 1.4% | | | | |
| 9,000,000 | USI Holdings Corp. Term Loan, maturing September 17, 2004 | B1 | B+ | 8,955,000 |
| 4,500,000 | White Mountains Insurance Group Ltd. Term Loan, maturing March 31, 2007 | Baa2 | BBB- | 4,519,688 |
| | | | | ----- |
| | | | | 13,474,688 |
| | | | | ----- |
| Leisure, Amusement, Motion Pictures and Entertainment: 10.0% | | | | |
| 3,551,476 | Amfac Parks and Resorts, Inc. Term Loan, maturing September 30, 2005 | NR | NR | 3,542,598 |
| 3,551,476 | Term Loan, maturing September 30, 2004 | | | 3,542,598 |
| 2,495,370 | Bally Total Fitness Holding Corporation Term Loan, maturing November 10, 2004 | Ba3 | B+ | 2,493,811 |
| 9,729,443 | Edwards Theatres, Inc. Term Loan, maturing June 30, 2005 | NR | NR | 9,710,119 |
| 8,302,500 | Fitness Holdings Worldwide, Inc. Term Loan, maturing November 02, 2007 | B1 | B | 7,126,310 |
| 9,286,500 | Term Loan, maturing November 02, 2006 | | | 7,970,909 |
| 2,750,000 | Icon Health & Fitness, Inc. Term Loan, maturing August 31, 2004 | NR | NR | 2,725,938 |
| 4,845,313 | Term Loan, maturing November 29, 2004 | | | 4,821,086 |
| 5,494,603 | Term Loan, maturing March 01, 2005 | | | 5,412,184 |
| 7,862,500 | Metro-Goldwyn-Mayer Studios, Inc. Term Loan, maturing March 31, 2005 | Ba3 | BB- | 7,819,909 |
| 7,462,500 | Term Loan, maturing March 31, 2006 | | | 7,446,180 |
| 14,088,243 | Panavision, Inc. Term Loan, maturing March 31, 2005 | B2 | B+ | 12,444,610 |
| 3,000,000 | Regal Cinemas, Inc. Term Loan, maturing December 31, 2007 | B1 | B+ | 3,031,875 |
| 2,992,500 | Six Flags Theme Parks, Inc. Term Loan, maturing September 30, 2005 | Ba2 | BB- | 3,016,398 |
| 2,833,333 | Revolving Loan, maturing November 03, 2004 | | | 2,790,833 |
| 11,656,991 | United Artists Theatre Co. Term Loan, maturing January 24, 2005 | B3 | BB- | 11,644,505 |

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| | | | | |
|-----------|--|-----|----|------------|
| 3,000,000 | WFI Group, Inc. Term Loan, maturing July 14, 2004 | Ba2 | NR | 3,000,000 |
| | | | | ----- |
| | | | | 98,539,863 |
| | | | | ----- |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|---------------------|--|--------------------------------------|------|--------------|
| | | Moody's | S&P | |
| Lodging: 10.0% | | | | |
| \$ 17,000,000 | Extended Stay America, Inc. Term Loan, maturing January 15, 2008 | Ba3 | BB- | \$17,076,143 |
| 1,529,544 | KSL Recreational Group, Inc. Term Loan, maturing April 30, 2006 | Ba3 | B+ | 1,508,991 |
| 1,529,544 | Term Loan, maturing April 30, 2005 | | | 1,501,821 |
| 9,075,000 | Term Loan, maturing December 22, 2006 | | | 8,958,731 |
| 17,071,616 | Lodgian Financing Corp.(2) Term Loan, maturing July 15, 2006 | Ca | D | 14,340,157 |
| 2,500,000 | Meristar Investment Partners Term Loan, maturing March 31, 2002 | Ba3 | B- | 2,362,500 |
| 6,512,760 | Term Loan, maturing March 31, 2002 | | | 6,154,558 |
| 20,000,000 | Starwood Hotels & Resorts Worldwide, Inc. Term Loan, maturing February 23, 2003 | Ba1 | BBB- | 19,825,000 |
| 2,750,000 | Term Loan, maturing February 23, 2003 | | | 2,758,308 |
| 7,728,891 | Wyndham International, Inc. Term Loan, maturing June 30, 2004 | B1 | BB | 6,988,208 |
| 19,756,144 | Term Loan, maturing June 30, 2006 | | | 17,758,580 |
| | | | | ----- |
| | | | | 99,232,997 |
| | | | | ----- |
| Machinery: 1.4% | | | | |
| 10,257,685 | Alliance Laundry Holdings Term Loan, maturing June 30, 2005 | B1 | B | 9,693,513 |
| 264,491 | Morris Material Handling, Inc. Term Loan, maturing September 28, 2004 | NR | NR | 251,266 |
| 1,294,825 | Vutek, Inc. Term Loan, maturing December 30, 2007 | B2 | NR | 1,281,876 |

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| | | | | |
|-----------|---------------------------------------|--|--|------------|
| 609,754 | Term Loan, maturing December 30, 2007 | | | 607,468 |
| 1,721,639 | Term Loan, maturing December 30, 2007 | | | 1,704,423 |
| | | | | ----- |
| | | | | 13,538,546 |
| | | | | ----- |

Mining, Steel, Iron and Non-Precious Metals: 0.1%

| | | | | |
|-----------|---|----|----|-----------|
| 1,250,000 | National Refractories Co. (2) Term Loan, maturing September 30, 2001 | NR | NR | 1,236,010 |
| | | | | ----- |
| | | | | 1,236,010 |
| | | | | ----- |

Oil and Gas: 2.1%

| | | | | |
|-----------|--|-----|------|-----------|
| 4,494,000 | Key Energy Services, Inc. Revolving Loan, maturing October 26, 2003 | Ba2 | BB- | 4,454,677 |
| 3,500,000 | Plains Marketing L.P. Term Loan, maturing September 21, 2007 | Ba1 | BB | 3,503,283 |
| 3,000,000 | PMC Company Term Loan, maturing May 05, 2006 | Ba1 | BB | 3,015,000 |
| 6,000,000 | Tesoro Petroleum Corporation Term Loan, maturing December 31, 2007 | Ba2 | BBB- | 6,018,126 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|--------------------------------|---|--------------------------------------|-----|--------------|
| | | Moody's | S&P | |
| Oil and Gas: (continued) | | | | |
| \$ 3,473,750 | W-H Energy Services Term Loan, maturing April 16, 2007 | B1 | B | \$ 3,465,065 |
| | | | | ----- |
| | | | | 20,456,151 |
| | | | | ----- |
| Other Telecommunications: 3.4% | | | | |
| 17,500,000 | Broadwing, Inc. Term Loan, maturing November 09, 2004 | Ba3 | BB+ | 16,625,000 |
| 1,000,000 | Term Loan, maturing June 28, 2007 | | | 967,000 |
| 10,000,000 | Term Loan, maturing December 30, 2006 | | | 9,610,940 |
| 4,887,500 | Infonet Services Corp. Term Loan, maturing June 30, 2006 | Ba3 | BB- | 4,789,750 |

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| | | | | |
|---|---|-----|-----|------------|
| | Pacific Coin | NR | NR | |
| 3,068,524 | Term Loan, maturing December 29, 2007 | | | 1,841,114 |
| | | | | ----- |
| | | | | 33,833,804 |
| | | | | ----- |
| Personal and Nondurable Consumer Products: 4.5% | | | | |
| | AM Cosmetics Corp. | NR | NR | |
| 2,292,689 | Revolving Loan, maturing May 30, 2004(3) | | | 1,948,786 |
| 1,305,151 | Term Loan, maturing May 30, 2004(3) | | | 1,109,378 |
| 2,610,303 | Term Loan, maturing December 31, 2004(3) | | | 2,218,758 |
| | Amscan Holdings, Inc. | B1 | B+ | |
| 9,569,096 | Term Loan, maturing December 31, 2004 | | | 8,899,259 |
| | Armkel, LLC | Ba3 | B+ | |
| 1,995,000 | Term Loan, maturing March 28, 2009 | | | 2,010,587 |
| | Buhrmann U.S., Inc. | Ba3 | BB- | |
| 5,072,551 | Term Loan, maturing October 26, 2007 | | | 4,918,112 |
| 3,216,857 | Term Loan, maturing October 26, 2005 | | | 3,053,000 |
| | Centis, Inc. | NR | NR | |
| 3,421,250 | Term Loan, maturing September 30, 2006(3) | | | 1,197,438 |
| 3,900,000 | Term Loan, maturing September 30, 2005(3) | | | 1,365,000 |
| | Church & Dwight Co. | Ba2 | BB | |
| 2,000,000 | Term Loan, maturing September 30, 2007 | | | 2,018,750 |
| | Jostens, Inc. | B1 | BB- | |
| 1,406,408 | Term Loan, maturing May 31, 2008 | | | 1,411,858 |
| 3,245,601 | Term Loan, maturing May 31, 2006 | | | 3,172,575 |
| | Norwood Promotional Products, Inc. | NR | NR | |
| 5,029,896 | Term Loan, maturing February 01, 2005 | | | 5,029,896 |
| 1,057,265 | Term Loan, maturing February 01, 2005 | | | -- |
| 3,353,264 | Term Loan, maturing February 01, 2005 | | | 1,742,021 |
| | Paint Sundry Brands LLC | B1 | B+ | |
| 957,213 | Term Loan, maturing August 11, 2006 | | | 918,924 |
| 977,360 | Term Loan, maturing August 11, 2005 | | | 938,265 |
| | Playtex Products, Inc. | Ba3 | BB- | |
| 2,473,750 | Term Loan, maturing May 31, 2009 | | | 2,497,327 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) Moody's | S&P | Value |
|---------------------|------------------------------|---|-----|-------|
|---------------------|------------------------------|---|-----|-------|

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Personal and Nondurable Consumer Products: (continued)

| | | | | |
|--------------|--------------------------------------|----|----|------------|
| | U.S. Office Products(2) | NR | NR | |
| \$ 3,489,974 | Term Loan, maturing June 09, 2006(3) | | | \$ 116,880 |
| | | | | 44,566,814 |

Personal, Food & Miscellaneous: 4.1%

| | | | | |
|------------|---------------------------------------|-----|------|------------|
| | Coinmach Corporation | B1 | BB- | |
| 5,000,000 | Term Loan, maturing July 25, 2009 | | | 5,044,790 |
| | Otis Spunkmeyer, Inc. | NR | NR | |
| 4,394,397 | Term Loan, maturing December 31, 2005 | | | 4,130,734 |
| | Papa Gino's, Inc. | NR | NR | |
| 2,147,727 | Term Loan, maturing August 31, 2007 | | | 2,113,478 |
| 5,085,938 | Term Loan, maturing August 31, 2007 | | | 5,043,889 |
| | SC International Services | Ba1 | BBB- | |
| 24,740,097 | Term Loan, maturing March 01, 2007 | | | 23,286,617 |
| 581,052 | Term Loan, maturing March 01, 2007 | | | 546,915 |
| | | | | 40,166,423 |

Printing and Publishing: 6.0%

| | | | | |
|------------|---------------------------------------|-----|------|------------|
| | Adams Outdoor Advertising, L.P. | B1 | B+ | |
| 2,000,000 | Term Loan, maturing February 08, 2008 | | | 2,018,126 |
| | Advanstar Communications, Inc. | B1 | B+ | |
| 3,782,857 | Term Loan, maturing October 11, 2007 | | | 3,546,429 |
| 12,056,000 | Term Loan, maturing April 11, 2007 | | | 11,453,200 |
| | Canwest Media, Inc. | Ba3 | BB- | |
| 4,265,264 | Term Loan, maturing May 15, 2008 | | | 4,306,015 |
| 4,568,118 | Term Loan, maturing May 15, 2009 | | | 4,611,762 |
| | Lamar Media Corporation | Ba2 | BB- | |
| 5,793,750 | Term Loan, maturing March 01, 2006 | | | 5,688,738 |
| | Mail-Well I Corporation | Ba3 | BB | |
| 2,704,497 | Term Loan, maturing February 22, 2007 | | | 2,649,563 |
| | Primedia, Inc. | B1 | BB- | |
| 3,980,000 | Term Loan, maturing June 30, 2009 | | | 3,552,150 |
| | Transwestern Publishing Company | Ba3 | B+ | |
| 2,985,000 | Term Loan, maturing June 27, 2008 | | | 3,017,650 |
| | Vertis, Inc. | B1 | B+ | |
| 3,934,360 | Term Loan, maturing November 30, 2008 | | | 3,398,303 |
| | Von Hoffman Press, Inc. | B1 | B+ | |
| 10,360,046 | Term Loan, maturing July 01, 2005 | | | 10,075,144 |
| 3,185,798 | Term Loan, maturing July 01, 2004 | | | 3,098,189 |
| | Ziff Davis Media, Inc. | B3 | CCC- | |
| 1,712,023 | Term Loan, maturing March 31, 2007 | | | 1,332,524 |

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58,747,793

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|---|---|--------------------------------------|-----|------------------------------|
| | | Moody's | S&P | |
| Radio and Television Broadcasting: 4.6% | | | | |
| \$ 7,000,000 | Benedek Broadcasting Corp. Term Loan, maturing November 20, 2007 | B2 | CC | \$ 6,567,750 |
| 4,500,000 | Citadel Broadcasting Company Term Loan, maturing June 26, 2009 | Ba2 | B+ | 4,528,125 |
| 10,484,144 | Emmis Communications Term Loan, maturing August 31, 2009 | Ba3 | B+ | 10,553,904 |
| 3,000,000 | Gray Communications Systems Term Loan, maturing September 30, 2009 | Ba3 | B+ | 3,020,625 |
| 5,944,987 | Pegasus Media & Communications, Inc. Term Loan, maturing April 30, 2005 | B1 | B+ | 5,757,970 |
| 4,975,000 | Paxson Communications Corporation Term Loan, maturing June 30, 2006 | Ba3 | BB | 4,975,000 |
| 5,000,000 | Sinclair Broadcast Group, Inc. Term Loan, maturing September 30, 2009 | Ba2 | BB- | 5,042,500 |
| 2,500,000 | Susquehanna Media Co. Term Loan, maturing June 30, 2008 | Ba1 | BB- | 2,509,375 |
| 2,000,000 | Telemundo Group, Inc. Term Loan, maturing May 15, 2008 | B1 | B+ | 2,002,188 |
| | | | | ----- 44,957,437 ----- |
| Retail Stores: 4.6% | | | | |
| 5,000,000 | Advance Stores Company Term Loan, maturing November 30, 2007 | Ba3 | B+ | 5,014,585 |
| 701,249 | Murray's Discount Auto Stores, Inc. Revolving Loan, maturing June 30, 2003 | NR | NR | 674,187 |
| 10,976,822 | Term Loan, maturing June 30, 2003 | | | 10,791,467 |

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| | | | | |
|-----------------------------------|---------------------------------------|-----|-----|------------|
| 9,531,918 | Peebles, Inc. | NR | NR | 9,245,960 |
| 713,848 | Term Loan, maturing April 30, 2002 | | | 692,433 |
| | Term Loan, maturing April 30, 2001 | | | |
| 17,000,000 | Rite Aid Corporation | B2 | BB- | 16,490,000 |
| | Term Loan, maturing June 27, 2005 | | | |
| 2,500,000 | Travel Centers Of America, Inc. | Ba3 | BB | 2,522,918 |
| | Term Loan, maturing November 14, 2008 | | | |
| | | | | ----- |
| | | | | 45,431,550 |
| | | | | ----- |
| Telecommunication Equipment: 4.9% | | | | |
| 11,916,667 | American Tower L.P. | B2 | BB- | 10,273,382 |
| | Term Loan, maturing June 30, 2007 | | | |
| 13,000,000 | Crown Castle Operating Company | Ba3 | BB- | 12,647,921 |
| | Term Loan, maturing March 15, 2008 | | | |
| 12,077,801 | Pinnacle Towers, Inc. | B3 | CC | 10,918,332 |
| | Term Loan, maturing June 30, 2007 | | | |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|--|---------------------------------------|--------------------------------------|-----|--------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Telecommunication Equipment: (continued) | | | | |
| \$ 8,500,000 | Spectrasite Communications, Inc. | B3 | B+ | \$ 7,333,375 |
| | Term Loan, maturing December 31, 2007 | | | |
| 5,075,040 | Tripoint Global Communications, Inc. | NR | NR | 4,694,179 |
| | Term Loan, maturing May 31, 2006 | | | |
| 2,500,000 | TSI Telecommunication Services, Inc. | Ba3 | B+ | 2,356,250 |
| | Term Loan, maturing December 31, 2006 | | | |
| | | | | ----- |
| | | | | 48,223,439 |
| | | | | ----- |
| Textiles and Leather: 3.4% | | | | |
| 8,231,155 | Accessory Network Group, Inc. | NR | NR | 6,582,070 |
| | Term Loan, maturing June 30, 2003 | | | |
| 3,288,730 | Galey & Lord, Inc.(2) | Caa2 | D | 2,258,262 |
| | Term Loan, maturing April 01, 2006 | | | |

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| | | | | |
|-----------|--|-----|-----|---------------|
| 4,636,019 | Term Loan, maturing April 02, 2005 | | | 3,183,401 |
| | Humphrey's, Inc.(2) | NR | NR | |
| 5,957,119 | Term Loan, maturing January 15, 2003(3) | | | 24,424 |
| | Levi Strauss & Co | Ba3 | BB+ | |
| 506,859 | Term Loan, maturing August 29, 2003 | | | 508,443 |
| 714,286 | Revolving Loan, maturing August 29, 2003 | | | 694,196 |
| | Malden Mills Industries, Inc.(2) | NR | NR | |
| 9,340,635 | Term Loan, maturing October 28, 2006(3) | | | 5,137,349 |
| | Polymer Group, Inc. | B3 | CC | |
| 4,779,769 | Term Loan, maturing December 20, 2005 | | | 4,337,640 |
| 3,000,000 | Term Loan, maturing December 20, 2006 | | | 2,721,249 |
| | Scovill Fasteners, Inc. | NR | NR | |
| 3,973,214 | Term Loan, maturing November 26, 2003 | | | 3,741,984 |
| | Targus Group, Inc. | NR | NR | |
| 3,449,938 | Term Loan, maturing December 20, 2006 | | | 3,355,064 |
| | William Carter Company | Ba3 | BB- | |
| 997,500 | Term Loan, maturing September 30, 2008 | | | 1,001,864 |
| | | | | ----- |
| | | | | 33,545,946 |
| | | | | ----- |
| | Total Senior Loans -- 166.8% | | | |
| | (cost \$1,830,295,383) | | | 1,644,669,913 |
| | | | | ----- |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

Other Corporate Debt

| Principal Amount | Borrower/Tranche Description | Bank Loan Ratings+ (unaudited) | | Value |
|---------------------|--|--------------------------------------|-----|--------------|
| | | Moody's | S&P | |
| ----- | | | | |
| Automobile 0.5% | | | | |
| \$ 6,000,000 | Capital Tool & Design Ltd. Subordinated Note, maturing July 26, 2003 | NR | NR | \$ 4,800,000 |
| | | | | ----- |
| | | | | 4,800,000 |
| | | | | ----- |
| Finance 1.0% | | | | |
| 10,000,000 | Value Asset Management, Inc. Sr. Sub Bridge, maturing August 31, 2005 | B2 | NR | 9,925,000 |

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| | | | | |
|---|---|-----|----|--|
| | | | | ----- 9,925,000 ----- |
| Healthcare, Education and Childcare 0.0% | | | | |
| 368,022 | Vision Twenty-One Subordinated Convertible Note, maturing October 31, 2003(3) | NR | NR | 37 ----- 37 ----- |
| Home and Office Furnishings, Housewares, and Durable Consumer Products 0.0% | | | | |
| 64,527 | MP Holdings Subordinated Note, maturing March 14, 2007 | NR | NR | 61,301 ----- 61,301 ----- |
| Oil and Gas 0.8% | | | | |
| 9,000,000 | Premcor Refining, Inc. Floating Rate Note, maturing November 15, 2004 | Ba3 | BB | 7,380,000 ----- 7,380,000 ----- |
| Other Telecommunications: 0.4% | | | | |
| 3,898,822 | Pacific Coin Subordinated Loan, maturing December 29, 2007(3) | | | 3,820,846 ----- 3,820,846 ----- |
| Personal & Nondurable Consumer Products 0.2% | | | | |
| 3,127,215 | AM Cosmetics Corp. Subordinated Note, maturing May 30, 2007 | NR | NR | -- ----- -- ----- |
| 2,875,000 | Paint Sundry Brands, LLC Subordinated Note, maturing August 11, 2008 | B2 | B+ | 2,371,875 ----- 2,371,875 ----- |
| Textiles and Leather 0.1% | | | | |
| 1,332,583 | Tartan Textile Services Subordinated Note, maturing April 1, 2011 | NR | NR | 1,265,954 ----- 1,265,954 ----- |
| | Total Other Corporate Debt -- 3.0% (cost \$36,028,268) | | | 29,625,013 ----- |

See Accompanying Notes to Financial Statements

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 PORTFOLIO OF INVESTMENTS as of February 28, 2002

Common Stock

| Shares | | Value |
|---------|--|------------|
| ----- | | ----- |
| 11,130 | Aerospace and Defense 0.0% Stellex Technologies, Inc.@(R) | \$ 275,767 |
| | | ----- |
| 212,171 | Automobile 1.0% Breed Technologies, Inc.@(R) | 2,989,489 |
| 660,808 | Safelite Glass Corporation@(R) | 6,528,783 |
| 44,605 | Safelite Realty@(R) | 1 |
| | | ----- |
| | | 9,518,273 |
| | | ----- |
| 60,056 | Diversified/Conglomerate Services 0.0% Staff Leasing, Inc. | 180,168 |
| | | ----- |
| 350,059 | Electronics 0.1% Decision One Corporation@(R) | 1,501,753 |
| | | ----- |
| 190,605 | Healthcare, Education and Childcare 0.3% Genesis Health Ventures, Inc.@ | 2,969,626 |
| | | ----- |
| 80,400 | Home and Office Furnishings 0.2% American Blind and Wallpaper, Inc.@(R) | 804 |
| 300,141 | Imperial Home Decor Group, Inc.@(R) | 1,654,378 |
| 300,141 | IHDG Realty@(R) | 1 |
| 590 | MP Holdings, Inc.@(R) | 6 |
| 17,582 | Soho Publishing@(R) | 176 |
| | | ----- |
| | | 1,655,365 |
| | | ----- |
| 481,373 | Machinery 0.2% Morris Material Handling, Inc.@(R) | 1,771,453 |
| | | ----- |
| 1,091 | Other Telecommunications 0.0% Pacific Coin, Inc.@(R) | 1 |
| | | ----- |
| 37,197 | Personal and Nondurable Consumer Products 0.0% AM Cosmetics Corp.@(R) | -- |
| | | ----- |
| 127,306 | Textiles and Leather 0.0% Dan River, Inc.@ | 52,195 |
| | | ----- |
| | Total Common Stock -- 1.8% (Cost \$13,865,777) | 17,924,601 |
| | | ----- |

See Accompanying Notes to Financial Statements

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Stock Purchase Warrants and Other Securities

| Shares ----- | | Val ----- |
|-----------------|--|-------------------------------|
| 415 | AM Cosmetics Corp., Series E-1 Preferred Stock, exchangeable for common shares on a 1-for-1 basis@(R) | \$ ----- |
| 1 | Autotote Systems, Inc., Option representing 0.248% common shares issued and outstanding @(R) | ----- |
| 80,208 | Boston Chicken Inc., residual interest in Boston Chicken Plan Trust@(R) (2) | 8,01 ----- |
| 80,634 | Capital Tool & Design, Warrants representing 19,000 common shares@(R) | ----- |
| 10,000 | Casden Properties Operation, 10,000 shares of junior Cumulative Preferred partnership Units(R) | 25 ----- |
| 19,000 | Covenant Care, Inc., Warrants representing 19,000 common shares expiring June 30, 2003@(R) | ----- |
| 2,696 | Electro Mechanical Solutions, Warrants representing 2,564 common shares, expires September 29, 2002@(R) | ----- |
| 16,501 | Exide, Warrants representing 16,501 common shares, expiring March 16, 2006@(R) | ----- |
| 2,223 | Genesis Health Ventures, Preferred Stock@ | 23 ----- |
| 19,397 | Holmes Group, Warrants representing 19,397 common shares, expiring May 7, 2006@(R) | ----- |
| 430 | Murray's Discount Auto Stores, Inc., Warrants representing common stock(R), expires January 22, 2007 | 3,48 ----- |
| 4,000 | New World Coffee, Manhattan Bagel, Inc., Warrants representing 4,000 common shares, expiring June 15, 2006@(R) | 16 ----- |
| 48,930 | Scientific Games Corp, Warrants representing Class B common stock, non-voting@(R) | 26 ----- |
| 23,449 | Tartan Textiles Services, Series D Preferred Stock@(R) | 2,22 ----- |
| 36,775 | Tartan Textiles Services, Series E Preferred Stock@(R) | 2,33 ----- |
| 167,239 | Crown Paper, Inc. -- Conversion rights representing Tembec common shares@(R) (2) | 1,29 ----- |
| 243,778 | Vision Twenty-One, Warrants representing 243,778 common shares@(R) | ----- |
| | Total Other Securities -- 1.9% (Cost \$14,021,840) | 18,26 ----- |
| | Total Investments (Cost \$1,894,211,268) (5) | 173.5% 1,710,48 |
| | Preferred Shares and Liabilities in Excess of Cash and Other Assets, net | (73.5%) (724,50 ----- |
| | Net Assets | 100.0% \$985,98 ===== |

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ING Prime Rate Trust

 PORTFOLIO OF INVESTMENTS as of February 28, 2002

-
- @ Non-income producing security.
 - (R) Restricted security.
 - * Senior loans, while exempt from registration under the Securities Act of 1933, 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 Prime Rate of a U.S. bank specified in the credit agreement, LIBOR, the certificate of deposit rate, or in some cases another base lending rate.
 - NR Not Rated
 - + Bank Loans rated below Baa by Moody's Investors 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 investments is \$1,890,986,340 and net unrealized depreciation consists of the following:

| | |
|-------------------------------|------------------|
| Gross Unrealized Appreciation | \$ 20,940,900 |
| Gross Unrealized Depreciation | (201,440,865) |
| | ----- |
| Net Unrealized Depreciation | \$ (180,499,965) |
| | ===== |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

 STATEMENT OF ASSETS AND LIABILITIES as of February 28, 2002

| | |
|---|------------------|
| ASSETS: | |
| Investments in securities at value (Cost \$1,894,211,268) | \$ 1,710,486,375 |
| Cash | 867,088 |
| Receivables: | |
| Interest | 8,992,155 |
| Other | 141,879 |
| Prepaid expenses | 327,394 |
| Prepaid arrangement fees on notes payable | 270,810 |
| | ----- |
| Total assets | 1,721,085,701 |
| | ----- |
| LIABILITIES: | |

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| | |
|---|------------------|
| Notes payable | 282,000,000 |
| Deferred arrangement fees on senior loans | 618,222 |
| Accrued interest payable | 517,066 |
| Accrued preferred shares dividend payable | 77,611 |
| Payable to affiliates | 1,378,362 |
| Accrued expenses | 512,761 |
| | ----- |
| Total liabilities | 285,104,022 |
| | ----- |
| Preferred shares, \$25,000 stated value per share at liquidation value (18,000 shares outstanding) | 450,000,000 |
| NET ASSETS | \$ 985,981,679 |
| | ===== |
| Net asset value per common share outstanding (net assets divided by 136,972,914 common shares authorized and outstanding, par value \$0.01) | \$ 7.20 |
| | ===== |
| Net Assets Consist of: | |
| Paid in capital | \$ 1,287,948,209 |
| Undistributed net investment income | 8,856,756 |
| Accumulated net realized loss on investments | (127,098,393) |
| Net unrealized depreciation of investments | (183,724,893) |
| | ----- |
| Net assets | \$ 985,981,679 |
| | ===== |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

STATEMENT OF OPERATIONS for the Year Ended February 28, 2002

| | |
|--|----------------|
| INVESTMENT INCOME: | |
| Interest | \$ 134,792,818 |
| Arrangement fees earned | 1,659,184 |
| Dividends | 19,511 |
| Other | 3,172,692 |
| | ----- |
| Total investment income | 139,644,205 |
| | ----- |
| EXPENSES: | |
| Interest | 14,249,438 |
| Investment management fees | 14,838,307 |
| Administration fees | 4,637,682 |
| Transfer agent and registrar fees | 389,577 |
| Reports to shareholders | 160,000 |
| Custodian fees | 616,463 |
| Revolving credit facility fees | 272,990 |
| Professional fees | 745,114 |
| Preferred shares -- dividend disbursing agent fees | 1,182,556 |
| Insurance expense | 54,131 |
| Pricing fees | 102,585 |
| ICI fees | 10,472 |
| Postage fees | 253,500 |
| Trustees' fees | 68,000 |
| Miscellaneous fees | 167,728 |
| NYSE Registration fees | 141,916 |
| | ----- |

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| | |
|--|-----------------|
| Total expenses | 37,890,459 |
| | ----- |
| Net investment income | 101,753,746 |
| | ----- |
| REALIZED AND UNREALIZED LOSS FROM INVESTMENTS: | |
| Net realized loss on investments | (53,063,828) |
| Net change in unrealized depreciation of investments | (69,951,020) |
| | ----- |
| Net loss on investments | (123,014,848) |
| | ----- |
| Net decrease in net assets resulting from operations | \$ (21,261,102) |
| | ===== |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

STATEMENTS OF CHANGES IN NET ASSETS

| | Year Ended February 28, 2002 | Year Ended February 28, 2001 |
|--|------------------------------------|------------------------------------|
| | ----- | ----- |
| INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS: | | |
| Net investment income | \$ 101,753,746 | \$ 121,538,218 |
| Net realized loss on investments | (53,063,828) | (4,909,435) |
| Change in unrealized depreciation of investments | (69,951,020) | (101,823,007) |
| | ----- | ----- |
| Net increase (decrease) in net assets resulting from operations | (21,261,102) | 14,805,776 |
| | ----- | ----- |
| DISTRIBUTIONS TO SHAREHOLDERS: | | |
| Distributions from net investment income: | | |
| Common shares | (85,728,945) | (117,654,573) |
| Preferred shares | (15,273,093) | (8,783,182) |
| | ----- | ----- |
| Decrease in net assets from distributions to shareholders | (101,002,038) | (126,437,755) |
| | ----- | ----- |
| CAPITAL SHARE TRANSACTIONS: | | |
| Common shares issued from dividend reinvestment | 919,219 | 5,733,515 |
| Common shares sold in connection with shelf offerings | 87,513 | 1,236,107 |
| Offering costs of preferred shares | (194,010) | (5,244,654) |
| | ----- | ----- |
| Net increase from capital share transactions | 812,722 | 1,724,968 |
| | ----- | ----- |
| Net decrease in net assets | (121,450,418) | (109,907,011) |
| NET ASSETS: | | |
| Beginning of year | 1,107,432,097 | 1,217,339,108 |
| | ----- | ----- |
| End of year (including undistributed net investment income of \$8,856,756 and \$7,032,048, respectively) | \$ 985,981,679 | \$ 1,107,432,097 |
| | ===== | ===== |

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SUMMARY OF COMMON SHARE TRANSACTIONS:

| | | |
|--|---------|----------------|
| Shares issued in payment of distributions from net investment income | 114,904 | 666,982 |
| Shares sold in connection with shelf offerings | 10,939 | 143,928 |
| | ----- | ----- |
| Net increase in shares common shares outstanding | 125,843 | 810,910 |
| | ===== | ===== |
| Gross proceeds from offering of preferred stock | \$ -- | \$ 450,000,000 |

SUMMARY OF PREFERRED SHARES SOLD:

| | | |
|-----------------------------|-------|--------|
| Series M | -- | 3,600 |
| Series T | -- | 3,600 |
| Series W | -- | 3,600 |
| Series Th | -- | 3,600 |
| Series F | -- | 3,600 |
| | ----- | ----- |
| Total preferred shares sold | -- | 18,000 |
| | ===== | ===== |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

STATEMENT OF CASH FLOWS for the Year Ended February 28, 2002

INCREASE (DECREASE) in Cash

Cash Flows From Operating Activities:

| | | |
|---|----------------|--|
| Interest received | \$ 138,007,208 | |
| Dividends received | 19,511 | |
| Facility fees paid | (112,660) | |
| Arrangement fee received | 1,229,435 | |
| Other income received | 3,090,462 | |
| Interest paid | (16,063,801) | |
| Other operating expenses paid | (24,226,698) | |
| Purchases of portfolio securities | (993,089,455) | |
| Proceeds from disposition of portfolio securities | 1,217,901,206 | |
| | ----- | |

| | | |
|---|-------------|--|
| Net cash provided by operating activities | 326,755,208 | |
| | ----- | |

Cash Flows From Financing Activities:

| | | |
|---|---------------|--|
| Dividends paid to common shareholders | (84,809,726) | |
| Cost incurred in offering of preferred shares | (194,010) | |
| Dividends paid to preferred shareholders | (15,457,176) | |
| Proceeds from common shares shelf offerings | 87,513 | |
| Loan advance | (228,000,000) | |
| | ----- | |

| | | |
|---|---------------|--|
| Net cash flows used in financing activities | (328,373,399) | |
| | ----- | |

| | | |
|---------------------------|-------------|--|
| Net change in cash | (1,618,191) | |
| Cash at beginning of year | 2,485,279 | |
| | ----- | |

| | | |
|---------------------|------------|--|
| Cash at end of year | \$ 867,088 | |
| | ===== | |

Reconciliation Of Net Decrease In Net Assets Resulting From Operations To Net Cash Used for Operating Activities:

| | | |
|--|-----------------|--|
| Net decrease in net assets resulting from operations | \$ (21,261,102) | |
| | ----- | |

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| | |
|--|----------------|
| Adjustments to reconcile net increase in net assets resulting from operations to net cash used for operating activities: | |
| Change in unrealized depreciation of investments | 69,951,020 |
| Net accretion of discounts on investments | (5,907,458) |
| Realized loss on sale of investments | 53,063,828 |
| Purchase of investments | (993,089,455) |
| Proceeds on sale of investments | 1,217,901,204 |
| Decrease in interest receivable | 9,121,850 |
| Increase in other assets | (82,230) |
| Decrease in prepaid arrangement fees on notes payable | 160,330 |
| Decrease in prepaid expenses | 63,165 |
| Decrease in deferred arrangement fees on senior loans | (429,749) |
| Decrease in accrued interest payable | (1,814,363) |
| Decrease in payable to affiliates | (241,311) |
| Decrease in accrued expenses | (680,521) |
| | ----- |
| Total adjustments | 348,016,310 |
| | ----- |
| Net cash provided by operating activities | \$ 326,755,208 |
| | ===== |
| Non-Cash Financing Activities: | |
| Reinvestment of common share dividends | \$ 919,219 |

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

FINANCIAL HIGHLIGHTS

For a common share outstanding throughout the period

| | Years Ended February 28 or Febru | |
|---|----------------------------------|---------|
| | 2002 | 2001 |
| | ----- | ----- |
| Per Share Operating Performance | | |
| Net asset value, beginning of period | \$ 8.09 | \$ 8.95 |
| Net investment income | 0.74 | 0.88 |
| Net realized and unrealized gain (loss) on investments | (0.89) | (0.78) |
| | ----- | ----- |
| Increase (decrease) in net asset value from investment operations | (0.15) | 0.10 |
| Distributions to Common Shareholders from net investment income | (0.63) | (0.86) |
| Distribution to Preferred Shareholders | (0.11) | (0.06) |
| Increase in net asset value from share offerings | -- | -- |
| Reduction in net asset value from rights offering | -- | -- |
| Increase in net asset value from repurchase of capital stock | -- | -- |
| Reduction in net asset value from Preferred Shares offerings | -- | (0.04) |
| | ----- | ----- |

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| | | | | |
|--|----|-----------|----|-----------|
| Net asset value, end of period | \$ | 7.20 | \$ | 8.09 |
| | | ===== | | ===== |
| Closing market price at end of period | \$ | 6.77 | \$ | 8.12 |
| Total Return(3) | | | | |
| Total investment return at closing market price(4) | | (9.20)% | | 9.10% |
| Total investment return at net asset value(5) | | (3.02)% | | 0.19% |
| Ratios/Supplemental Data | | | | |
| Net assets end of period (000's) | \$ | 985,982 | \$ | 1,107,432 |
| Preferred Rate Shares | | | | |
| Aggregate amount outstanding (000's) | \$ | 450,000 | \$ | 450,000 |
| Liquidation and market value | | | | |
| Per Share | \$ | 25,000 | \$ | 25,000 |
| Asset coverage Per Share** | | 235% | | 215% |
| Average borrowings (000's) | \$ | 365,126 | \$ | 450,197 |
| Ratios to average net assets including preferred* | | | | |
| Expenses (before interest and other fees related to revolving credit facility) | | 1.57% | | 1.62% |
| Expenses | | 2.54% | | 3.97% |
| Net investment income | | 6.83% (A) | | 9.28% |
| Ratios to average net assets plus borrowing | | | | |
| Expenses (before interest and other fees related to revolving credit facility) | | 1.66% | | 1.31% |
| Expenses | | 2.70% | | 3.21% |
| Net investment income | | 7.24% (B) | | 7.50% |
| Ratios to average net assets | | | | |
| Expenses (before interest and other fees related to revolving credit facility) | | 2.25% | | 1.81% |
| Expenses | | 3.64% | | 4.45% |
| Net investment income | | 9.79% (C) | | 10.39% |
| Portfolio turnover rate | | 53% | | 46% |
| Common shares outstanding at end of period (000's) | | 136,973 | | 136,847 |

Years Ended February 28 or February 29,

| | 1999 (8) | 1998 (8) | 1997 (8) |
|---|----------|----------|----------|
| | ----- | ----- | ----- |
| Per Share Operating Performance | | | |
| Net asset value, beginning of period | \$ 9.34 | \$ 9.45 | \$ 9.61 |
| Net investment income | 0.79 | 0.87 | 0.82 |
| Net realized and unrealized gain (loss) on investments | (0.10) | (0.13) | (0.02) |
| | ----- | ----- | ----- |
| Increase (decrease) in net asset value from investment operations | 0.69 | 0.74 | 0.80 |
| Distributions to Common Shareholders from net investment income | (0.82) | (0.85) | (0.82) |
| Distribution to Preferred Shareholders | -- | -- | -- |
| Increase in net asset value from share offerings | 0.03 | -- | -- |
| Reduction in net asset value from rights offering | -- | -- | (0.14) |
| Increase in net asset value from repurchase of capital stock | -- | -- | -- |

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| | | | | |
|--|----|-----------|--------------|--------------|
| Reduction in net asset value from Preferred Shares offerings | | -- | -- | -- |
| Net asset value, end of period | \$ | 9.24 | \$ 9.34 | \$ 9.45 |
| Closing market price at end of period | \$ | 9.56 | \$ 10.31 | \$ 10.00 |
| Total Return(3) | | | | |
| Total investment return at closing market price(4) | | 1.11% | 12.70% | 15.04%(6) |
| Total investment return at net asset value(5) | | 7.86% | 8.01% | 8.06%(6) |
| Ratios/Supplemental Data | | | | |
| Net assets end of period (000's) | \$ | 1,202,565 | \$ 1,034,403 | \$ 1,031,089 |
| Preferred Rate Shares | | | | |
| Aggregate amount outstanding (000's) | | -- | -- | -- |
| Liquidation and market value | | | | |
| Per Share | | -- | -- | -- |
| Asset coverage Per Share** | | -- | -- | -- |
| Average borrowings (000's) | \$ | 490,978 | \$ 346,110 | \$ 131,773 |
| Ratios to average net assets including preferred* | | | | |
| Expenses (before interest and other fees related to revolving credit facility) | | -- | -- | -- |
| Expenses | | -- | -- | -- |
| Net investment income | | -- | -- | -- |
| Ratios to average net assets plus borrowing | | | | |
| Expenses (before interest and other fees related to revolving credit facility) | | 1.05%(9) | 1.04% | 1.13% |
| Expenses | | 2.86%(9) | 2.65% | 1.92% |
| Net investment income | | 6.00% | 6.91% | 7.59% |
| Ratios to average net assets | | | | |
| Expenses (before interest and other fees related to revolving credit facility) | | 1.50%(9) | 1.39% | 1.29% |
| Expenses | | 4.10%(9) | 3.54% | 2.20% |
| Net investment income | | 8.60% | 9.23% | 8.67% |
| Portfolio turnover rate | | 68% | 90% | 82% |
| Common shares outstanding at end of period (000's) | | 130,206 | 110,764 | 109,140 |

(1) Annualized.

(2) Prior to the waiver of expenses, the ratios of expenses to average net assets were 1.95% (annualized), 1.48% and 1.44% for the period from May 12, 1988 to February 28, 1989, and for the fiscal years ended February 28, 1990 and February 29, 1992, respectively, and the ratios of net investment income to average net assets were 8.91% (annualized), 10.30% and 7.60% for the period from May 12, 1988 to February 28, 1989, and for the fiscal years ended February 28, 1990 and February 29, 1992, respectively.

(3) Total return calculations are attributable to common shareholders.

(4) 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. On March 9, 1992, the shares of the Trust were initially listed for trading on the New York Stock Exchange. Accordingly, the total investment return for the year ended February 28, 1993, covers only the period from March 9, 1992, to February 28, 1993. Total investment return

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for periods prior to the year ended February 28, 1993, are not presented since market values for the Trust's shares were not available. Total returns for less than one year are not annualized.

- (5) 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. Total returns for less than one year are not annualized.
- (6) Calculation of total return excludes the effects of the per share dilution resulting from the rights offering as the total account value of a fully subscribed shareholder was minimally impacted.

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

FINANCIAL HIGHLIGHTS (Continued)

Years Ended February 28 or February 29,

| 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
|------------|------------|------------|------------|--------------|--------------|
| \$ 10.02 | \$ 10.05 | \$ 9.96 | \$ 9.97 | \$ 10.00 | \$ 10.00 |
| 0.74 | 0.60 | 0.60 | 0.76 | 0.98 | 0.98 |
| 0.07 | (0.05) | 0.01 | (0.02) | (0.05) | (0.05) |
| 0.81 | 0.55 | 0.61 | 0.74 | 0.93 | 0.93 |
| (0.73) | (0.60) | (0.57) | (0.75) | (0.96) | (0.96) |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| (0.44) | -- | -- | -- | -- | -- |
| -- | 0.02 | 0.05 | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| \$ 9.66 | \$ 10.02 | \$ 10.05 | \$ 9.96 | \$ 9.97 | \$ 10.00 |
| \$ 8.75 | \$ 9.25 | \$ 9.13 | -- | -- | -- |
| 3.27% (6) | 8.06% | 10.89% | -- | -- | -- |
| 5.24% (6) | 6.28% | 7.29% | 7.71% | 9.74% | 10.00% |
| \$ 867,083 | \$ 719,979 | \$ 738,810 | \$ 874,104 | \$ 1,158,224 | \$ 1,036,000 |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- |

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| | | | | |
|--------|--------|--------|----------|---------|
| -- | -- | -- | -- | -- |
| 1.30% | 1.31% | 1.42% | 1.42%(2) | 1.38% |
| 7.59% | 6.04% | 5.88% | 7.62%(2) | 9.71% |
| 108% | 87% | 81% | 53% | 55% |
| 89,794 | 71,835 | 73,544 | 87,782 | 116,022 |

-
- (7) ING Investments, LLC, the Trust's investment manager, acquired certain assets of Pilgrim Management Corporation, the Trust's former investment manager, in a transaction that closed on April 7, 1995.
 - (8) The 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.
 - (9) Calculated on total expenses before impact of earnings credits.
 - * Ratios do not reflect the effect of dividend payments to Preferred Shareholders; income ratios reflect income earned on assets attributable to preferred shares.
 - ** 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.
 - (A) Had the Trust not amortized premiums and accreted discounts, the ratio of net investment income to average net assets including preferred shares would have been 6.43% for the year ended February 28, 2002.
 - (B) Had the Trust not amortized premiums and accreted discounts, the ratio of net investment income to average net assets plus borrowings applicable to common shares would have been 6.82% for the year ended February 28, 2002.
 - (C) Had the Trust not amortized premiums and accreted discounts, the ratio of net investment income to average net assets applicable to common shares would have been 9.22% for the year ended February 28, 2002.

See Accompanying Notes to Financial Statements

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2002

NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES

ING Prime Rate Trust (formerly known as Pilgrim Prime Rate Trust, the "Trust"), is registered under the Investment Company Act of 1940, as amended, 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 (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

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mean of the means of one or more bid and asked quotations obtained from a pricing service or other sources determined by the board to be independent and believed to be reliable. Loans for which reliable quotations are not 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. 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. 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.

ING Investments, LLC (formerly ING Pilgrim Investments, LLC, the "Investment Manager") 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 or the NASDAQ National Market System are stated at the last reported sale price on the day of valuation. Debt and equity securities traded in the over-the-counter market and listed securities for 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

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ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2002

maturing in less than 60 days from the date of acquisition are valued at amortized cost, which, when combined with accrued interest, approximates

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market value.

- 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 substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

At February 28, 2002, the Trust had capital loss carryforwards for federal income tax purposes of approximately \$125,806,013 which are scheduled to expire through February 28, 2011.

The Board of Trustees intends to offset any future net capital gains with the capital loss carryforwards until each carryforward has been fully utilized or expires.

- 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 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 and the borrower has demonstrated sustained performance. 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, arrangement fees are treated as discounts and accreted as described in Note 1.H. Arrangement 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 Shareholders. The Trust records distributions to its shareholders on the ex-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. The amount of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America for items such as the treatment of short term capital gains and the amortization of premiums and accretion of discounts. These "book/tax" differences are either considered temporary or permanent in nature. 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. Distributions which exceed net investment income and net realized capital gains for financial reporting purposes but not for tax purposes are reported as distributions in excess of net investment income and/or realized capital gains. To the extent they exceed net investment income and net realized capital gains for tax purposes, they are reported as a tax return of capital. During the year ended February 28, 2002 the Trust reclassified \$2,580,000 from undistributed net investment income to accumulated net realized loss on investments, to reflect the treatment of permanent book/tax differences.

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- 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

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ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2002

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.
- 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. The effect of this change during the year ended February 28, 2002, was to increase net investment income by approximately \$5,907,000, increase unrealized depreciation of investments by approximately \$3,327,000 and increase net realized loss on investments by approximately \$2,580,000.
- I. Reclassification. Under EITF Topic D-98, Classification and Measurement of Redeemable Securities, which was issued on July 19, 2001, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. Subject to the guidance of the EITF, the Trust's preferred stock, which was previously classified as a component of net assets, has been reclassified outside of permanent equity (net assets) in the accompanying financial statements. Prior year amounts have also been reclassified to conform with this presentation. The impact of this reclassification creates no change to the net assets available to common shareholders.

NOTE 2 -- INVESTMENTS

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For the year ended February 28, 2002, the cost of purchases and the proceeds from principal repayment and sales of investments, excluding short-term notes, totaled \$993,089,455 and \$1,217,901,206, respectively. At February 28, 2002, the Trust held senior loans valued at \$1,644,669,913 representing 96.2% of its total investments. The market value of these assets is established as set forth in Note 1.

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NOTES TO FINANCIAL STATEMENTS as of February 28, 2002

The senior loans acquired by the Trust may take the form of a direct co-lending relationship with the corporate issuer, an assignment of a co-lender's interest in a loan, or a participation interest in a co-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. Additionally, certain situations may arise where the Trust acquires a participation in a co-lender's interest in a loan and the Trust does not have privity with or direct recourse against the corporate issuer. Accordingly, the Trust may incur additional credit risk as a participant because it must assume the risk of insolvency or bankruptcy of the co-lender from which the participation was acquired. Common and preferred stocks, 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 stock or warrant. These restricted securities are valued at fair value as determined by the Board of Trustees by considering quality, dividend rate, and marketability of the securities compared to similar issues. In order to assist in the determination of fair value, the Trust will obtain quotes from dealers who periodically trade in such securities where such quotes are available. Dates of acquisition and cost or assigned basis of restricted securities are as follows:

| | Date of Acquisition | Cost or Assigned Basis |
|--|------------------------|---------------------------|
| | ----- | ----- |
| American Blind and Wallpaper, Inc. -- Common | 01/12/99 | -- |
| AM Cosmetics Corp. -- Common | 06/08/99 | \$ 385,610 |
| AM Cosmetics Corp. -- Preferred Stock | 06/02/99 | -- |
| Autotote Systems, Inc. -- Option | 02/26/97 | -- |
| Boston Chicken--Residual interest in Boston Chicken Trust | 12/26/00 | 8,014,961 |
| Breed Technologies -- Common | 12/27/00 | 3,343,665 |
| Capital Tool & Design -- Warrants | 07/26/96 | -- |
| Casden Properties Corporation -- Preferred Partnership Units | 12/31/98 | -- |
| Covenant Care, Inc. -- Warrants | 12/22/95 | -- |
| Decision One Corporation -- Common | 06/16/00 | -- |
| Electro Mechanical Solutions -- Warrants | 06/20/00 | -- |
| Holmes Product Corporation -- Warrants | 10/24/01 | -- |
| Imperial Home Decor Group -- Common | 05/02/01 | 1,654,378 |
| IHDG Realty -- Common | 05/02/01 | 1 |
| Morris Material Handling -- Common | 01/10/01 | 3,009,059 |
| MP Holdings, Inc. -- Common | 03/14/01 | 6 |

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| | | |
|--|----------|-----------------------|
| New World Coffee Manhattan Bagel, Inc. -- Warrants | 09/27/01 | -- |
| Murray's Discount Auto Stores, Inc. -- Warrants | 02/16/99 | -- |
| Pacific Coin -- Common | 07/09/01 | 1 |
| Safelite Glass Corporation | 09/12/00 | -- |
| Safelite Realty | 09/12/00 | -- |
| Stellex Technologies, Inc. -- Common | 10/17/01 | 275,767 |
| Scientific Games Corp. -- Common | 05/11/01 | -- |
| Soho Publishing, Inc. -- Common | 03/14/01 | 176 |
| Tartan Textiles Services, Series D Preferred Stock | 07/17/01 | 2,227,655 |
| Tartan Textiles Services, Series E Preferred Stock | 07/17/01 | 2,333,852 |
| Crown Paper, Inc. -- Conversion rights representing Tembec Common Shares | 01/10/01 | 1,292,072 |
| Vision Twenty-One -- Warrants | 11/28/00 | -- |
| ----- | | |
| Total restricted securities excluding senior loans (market value of \$32,989,460 was 3.3% of net assets at February 28, 2002) | | \$22,537,203 ===== |

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NOTES TO FINANCIAL STATEMENTS as of February 28, 2002

NOTE 3 -- MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT

The Trust has entered into an Investment Management Agreement with the Investment Manager, a wholly-owned subsidiary of ING Funds Services, LLC (formerly ING Pilgrim Group, 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 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 February 28, 2002, the Trust had the following amounts recorded in payable to affiliates on the accompanying Statement of Assets and Liabilities:

| Accrued Investment Management Fees | Accrued Administrative Fees | Total |
|---------------------------------------|--------------------------------|-------------|
| ----- | ----- | ----- |
| \$1,050,181 | \$328,181 | \$1,378,362 |

NOTE 4 -- COMMITMENTS

The Trust has entered into both a 364 day and a five year revolving credit agreement, collateralized by assets of the Trust, to borrow up to \$550 million from a syndicate of major financial institutions maturing July 15, 2003. 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 February 28, 2002, was \$282 million, at a weighted average interest rate of 2.2%. The amount of borrowings represented 16.4% of net assets plus borrowings at February 28, 2002. Average borrowings for the the year ended February 28, 2002 were \$365,126,028 and the average

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annualized interest rate was 4.0%.

As of February 28, 2002, the Trust had unfunded loan commitments pursuant to the terms of the following loan agreements:

| | |
|-------------------------------------|--------------|
| Airgate PCS, Inc. | \$ 2,737,459 |
| Aladdin Gaming LLC | 5,000,000 |
| Alliance Data Systems Corp. | 1,785,714 |
| Aurora Foods | 80,000 |
| Boyd Gaming Corporation | 2,155,819 |
| Doshi Diagnostic | 1,287,031 |
| Express Scripts, Inc. | 3,092,006 |
| Huntsman Corporation | 2,306,035 |
| Insight Health Services Corp. | 5,000,000 |
| Key Energy Group, Inc. | 2,107,757 |
| Lamar Media Corporation | 6,562,500 |
| Levi Strauss & Co. | 4,279,927 |
| Murray's Discount Auto Stores, Inc. | 998,749 |
| Packaging Corporation of America | 2,753,594 |
| Palace Station Hotel and Casino | 5,088,147 |
| Rail America, Inc. | 246,529 |
| Riverwood International Corp. | 4,491,667 |
| Six Flags Theme Parks, Inc. | 7,166,667 |
| URS Corporation | 4,971,429 |
| Western Wireless | 6,400,000 |
| | ----- |
| | \$68,511,030 |
| | ===== |

NOTE 5 -- RIGHTS AND OTHER OFFERINGS

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.

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 NOTES TO FINANCIAL STATEMENTS as of February 28, 2002

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.

As of February 28, 2002, share offerings pursuant to shelf registrations were as follows:

| Registration Date | Shares Registered | Shares Remaining |
|----------------------|----------------------|---------------------|
| ----- | ----- | ----- |
| 6/11/98 | 15,000,000 | -- |

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| | | |
|---------|------------|------------|
| 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. All such Preferred Shares were outstanding as of February 28, 2001. 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 Investment Company Act of 1940. Preferred Shares pay dividends based on a rate set at auctions, normally held every 7 days. In the 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, Kansas City ("SSBKC") serves as the Trust's custodian and recordkeeper. Custody fees paid to SSBKC are reduced by earnings credits based on the cash balances held by SSBKC for the Trust. There were no earnings credits for the year ended February 28, 2002.

NOTE 7 -- AFFILIATED TRANSACTIONS

During the year ended February 28, 2002, the Trust purchased and sold holdings in senior loans from/to affiliated funds managed by the Investment Manager at prices determined by the Investment Manager to represent market prices. The cost of purchased loans was \$18,278,387 and the proceeds and cost of sold loans were \$66,132,025 and \$66,870,375, respectively, excluding any benefit to the Trust from the recognition of deferred arrangement fees.

NOTE 8 -- 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 February 28, 2002, the Trust held 2.7% of its total assets in subordinated loans and unsecured loans.

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ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2002

NOTE 9 -- SUBSEQUENT EVENTS

Subsequent to February 28, 2002, the Trust paid to Common Shareholders the following dividends from net investment income:

| Per Share Amount | Declaration Date | Record Date | Payable Date |
|------------------|------------------|-------------|--------------|
|------------------|------------------|-------------|--------------|

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| | | | |
|-----------|------------|------------|------------|
| \$ 0.0385 | 02/28/2002 | 03/11/2002 | 03/20/2002 |
| \$ 0.0385 | 03/28/2002 | 04/10/2002 | 04/18/2002 |

Subsequent to February 28, 2002, the Trust paid to Preferred Shareholders the following dividends from net investment income:

| Preferred Shares | Total Per Share Amount | Auction Dates | Record Dates | Payable Dates |
|------------------|------------------------|----------------------|----------------------|----------------------|
| Series M | \$ 53.08 | 03/04/02 to 04/08/02 | 03/11/02 to 04/15/02 | 03/12/02 to 04/16/02 |
| Series T | \$ 54.54 | 03/05/02 to 04/10/02 | 03/12/02 to 04/16/02 | 03/13/02 to 04/17/02 |
| Series W | \$ 55.28 | 03/06/02 to 04/10/02 | 03/13/02 to 04/17/02 | 03/14/02 to 04/18/02 |
| Series Th | \$ 54.15 | 03/07/02 to 04/11/02 | 03/14/02 to 04/18/02 | 03/15/02 to 04/19/02 |
| Series F | \$ 53.12 | 03/01/02 to 04/05/02 | 03/08/02 to 04/12/02 | 03/11/02 to 04/15/02 |

Management's Additional Operating Information (Unaudited)

APPROVAL OF CHANGES IN INVESTMENT POLICIES

At a Special Meeting of Trust Shareholders, held August 6, 1998, Shareholders approved changes in the Trust's fundamental investment policies which make available certain additional investment opportunities to the Trust, including (i) investing in loans in any form of business entity, as long as the loans otherwise meet the Trust's requirements regarding the quality of loans in which it may invest; (ii) the treatment of lease participations as Senior Loans which would constitute part of the 80% of the Trust's assets normally invested in Senior Loans; (iii) investing in all types of hybrid loans that meet credit standards established by the Investment Manager constituting part of the 20% of the Trust's assets that may be invested in Other Investments; (iv) the ability to invest up to 5% of its total assets in both subordinated loans and unsecured loans which would constitute part of the 20% of the Trust's assets that may be invested in Other Investments.

Additionally, another policy change approved by the Board of Trustees of the Trust, which does not require shareholder approval, permits the Trust to accept guarantees and expanded forms of intangible assets as collateral, including copyrights, patent rights, franchise value, and trademarks. Another policy change approved by the Board, that does not require shareholder approval, provides that 80% of the Trust's gross assets, as opposed to 80% of its net assets, may normally be invested in Senior Loans.

The Trust's Manager considered the evolving nature of the syndicated loan market and the potential benefits to the Trust and its shareholders of revising the restriction to permit the Trust to invest in loans other than Senior Loans and the increase in the number of attractive investment opportunities available to the Trust due to the change.

REPURCHASE OF SECURITIES BY CLOSED-END COMPANIES

In accordance with Section 23(c) of the Investment Company Act of 1940, and Rule 23c-1 under the Investment Company Act of 1940, 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

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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.

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TAX INFORMATION (Unaudited)

The Trust is required by Subchapter M of the Internal Revenue Code of 1986, as amended, to advise within 60 days of the Trust's fiscal year end (February 28, 2002) as to the federal tax status of distributions received by the Trust's shareholders. Accordingly, the Trust is hereby advising you that the following dividends were paid to Common Shareholders during the fiscal year ended February 28, 2002:

| Type of Dividend | Per Share Amount | Ex-Dividend Date | Payable Date |
|------------------|---------------------|------------------|--------------|
| ----- | ----- | ----- | ----- |
| Ordinary Income | \$ 0.0620 | 03/08/01 | 03/22/01 |
| | \$ 0.0650 | 04/06/01 | 04/22/01 |
| | \$ 0.0600 | 05/08/01 | 05/22/01 |
| | \$ 0.0580 | 06/07/01 | 06/22/01 |
| | \$ 0.0540 | 07/06/01 | 07/23/01 |
| | \$ 0.0540 | 08/08/01 | 08/22/01 |
| | \$ 0.0520 | 09/06/01 | 09/24/01 |
| | \$ 0.0470 | 10/05/01 | 10/22/01 |
| | \$ 0.0470 | 11/07/01 | 11/23/01 |
| | \$ 0.0430 | 12/06/01 | 12/24/01 |
| | \$ 0.0420 | 12/27/01 | 01/11/02 |
| | \$ 0.0410 | 02/11/02 | 02/25/02 |
| | ----- | | |
| Total | \$ 0.625 | | |
| | ===== | | |

The Trust is hereby advising you that the following dividends were paid to Preferred Shareholders during the fiscal year ended February 28, 2001:

| Preferred Shares | Type of Dividend | Total Per Share Amount | Auction Dates | Record Dates | |
|------------------|------------------|------------------------|--------------------|-------------------|-------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| Series M | Ordinary Income | \$834.08 | 3/5/01 to 2/25/02 | 3/12/01 to 3/4/02 | 3/13 |
| Series T | Ordinary Income | \$836.77 | 3/6/01 to 2/26/02 | 3/13/01 to 3/5/02 | 3/14 |
| Series W | Ordinary Income | \$854.68 | 2/28/01 to 2/27/02 | 3/7/01 to 3/6/02 | 3/8 |
| Series Th | Ordinary Income | \$854.51 | 3/1/01 to 2/28/02 | 3/8/01 to 3/7/02 | 3/9 |
| Series F | Ordinary Income | \$834.82 | 3/2/01 to 2/22/02 | 3/9/01 to 3/1/02 | 3/12 |

Corporate shareholders are generally entitled to take the dividend received deduction on the portion of the Trust's dividend distributions that qualify under tax law. The percentage of the Trust's fiscal year 2001 net investment income dividends that qualify for the corporate dividends received deductions is 0.02%.

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Shareholders are strongly advised to consult their own tax advisers with respect to the tax consequences of their investment in the Trust. In January 2002, you should have received an IRS Form 1099 DIV regarding the federal tax status of the dividends and distributions received by you in calendar year 2001.

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INVESTMENT MANAGER

ING Investments, LLC
7337 E. Doubletree Ranch Road
Scottsdale, Arizona 85258-2034

ADMINISTRATOR

ING Fund Services, LLC
7337 E. Doubletree Ranch Road
Scottsdale, Arizona 85258-2034
1-800-992-0180

INSTITUTIONAL INVESTORS AND ANALYSTS

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

DISTRIBUTOR

ING Funds Distributor, Inc.
7337 E. Doubletree Ranch Road
Scottsdale, Arizona 85258-2034
1-800-334-3444

TRANSFER AGENT

DST Systems, Inc.
P.O. Box 219368
Kansas City, Missouri 64141-9368

CUSTODIAN

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

LEGAL COUNSEL

Dechert
1775 Eye Street, N.W.
Washington, D.C. 20006

INDEPENDENT AUDITORS

KPMG LLP
355 South Grand Avenue
Los Angeles, California 90071

WRITTEN REQUESTS

Please mail all account inquiries and other comments to:
ING Prime Rate Trust Account
c/o ING Fund Services, LLC
7337 E. Doubletree Ranch Road
Scottsdale, Arizona 85258-2034

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, Inc.,

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Distributor, at 1-800-992-0180. Please read the prospectus carefully before you invest or send money.

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INF FUNDS

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