LEUCADIA NATIONAL CORP
Form 10-Q
May 09, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from   to

Commission File Number 1-5721

LEUCADIA NATIONAL CORPORATION
(Exact name of registrant as specified in its Charter)

New York	13-2615557
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
315 Park Avenue South, New York, New York	10010-3607
(Address of principal executive offices)	(Zip Code)

(212) 460-1900
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X   NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	X	Accelerated filer	
Non-accelerated filer		Smaller reporting company	

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES _______ NO X ______

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, at May 1, 2008: 232,706,864.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2008 and December 31, 2007
(Dollars in thousands, except par value)
(Unaudited)

	March 3 2008
ASSETS	
Current assets:	
Cash and cash equivalents	$ 258,
Investments	367,
Trade, notes and other receivables, net	125,
Prepaids and other current assets	183,
Total current assets	935,
Non-current investments	2,877,
Notes and other receivables, net	20,
Intangible assets, net and goodwill	77,
Deferred tax asset, net	1,216,
Other assets	570,
Property, equipment and leasehold improvements, net	502,
Investments in associated companies ($295,418 measured using fair value option at March 31, 2008)	1,729,
Total	$ 7,929,
LIABILITIES	
Current liabilities:	
Trade payables and expense accruals	$ 206,
Deferred revenue	87,
Other current liabilities	11,
Debt due within one year	153,
Total current liabilities	459,
Other non-current liabilities	72,
Long-term debt	2,029,

Total liabilities	2,561,
Commitments and contingencies	
Minority interest	21,
SHAREHOLDERS' EQUITY	
Common shares, par value $1 per share, authorized 600,000,000 shares; 222,610,840 and 222,574,440 shares issued and outstanding, after deducting 56,886,204 shares held in treasury	222,
Additional paid-in capital	786,
Accumulated other comprehensive income	844,
Retained earnings	3,493,
Total shareholders' equity	5,347,
Total	$ 7,929,

See notes to interim consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
For the three months ended March 31, 2008 and 2007
(In thousands, except per share amounts)
(Unaudited)

	2008
Revenues and Other Income:	
Manufacturing	$ 85,1
Telecommunications	119,4
Property management and service fees	39,5
Gaming entertainment	27,3
Investment and other income	45,0
Net securities gains	8,2
	324,8
Expenses:	
Cost of sales:	
Manufacturing	74,2
Telecommunications	106,1
Direct operating expenses:	
Property management and services	27,4
Gaming entertainment	24,5
Interest	35,7
Salaries and incentive compensation	22,5

Depreciation and amortization	11,4
Selling, general and other expenses	55,5

	357,6

Loss from continuing operations before income taxes and income (loss) related to associated companies	(32,7
Income taxes	(11,3

Loss from continuing operations before income (loss) related to associated companies	(21,4
Income (loss) related to associated companies, net of taxes	(74,3

Income (loss) from continuing operations	(95,8
Income from discontinued operations, net of taxes	--
Gain on disposal of discontinued operations, net of taxes	--

Net income (loss)	$ (95,8
	=======
Basic earnings (loss) per common share:	
Income (loss) from continuing operations	$ (.
Income from discontinued operations	-
Gain on disposal of discontinued operations	-

Net income (loss)	$ (.
	====
Diluted earnings (loss) per common share:	
Income (loss) from continuing operations	$ (.
Income from discontinued operations	-
Gain on disposal of discontinued operations	-

Net income (loss)	$ (.
	====

See notes to interim consolidated financial statements.

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LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended March 31, 2008 and 2007
(In thousands)
(Unaudited)

Net cash flows from operating activities:

Net income (loss)	$
Adjustments to reconcile net income (loss) to net cash provided by (used for) operations:	
Deferred income tax provision (benefit)	
Depreciation and amortization of property, equipment and leasehold improvements	
Other amortization	
Share-based compensation	
Excess tax benefit from exercise of stock options	
Provision for doubtful accounts	
Net securities gains	
(Income) loss related to associated companies	
Distributions from associated companies	
Net gains related to real estate, property and equipment, and other assets	
Gain on disposal of discontinued operations	
Investments classified as trading, net	
Net change in:	
Restricted cash	
Trade, notes and other receivables	
Prepaids and other assets	
Trade payables and expense accruals	
Other liabilities	
Deferred revenue	
Income taxes payable	
Other	
Net cash provided by (used for) operating activities	
Net cash flows from investing activities:	
Acquisition of property, equipment and leasehold improvements	
Acquisitions of and capital expenditures for real estate investments	
Proceeds from disposals of real estate, property and equipment, and other assets	
Acquisitions, net of cash acquired	
Collection of Premier Entertainment Biloxi, LLC's insurance proceeds	
Net change in restricted cash	
Advances on notes and other receivables	
Collections on notes, loan and other receivables	
Investments in associated companies	(
Capital distributions from associated companies	
Purchases of investments (other than short-term)	(1,
Proceeds from maturities of investments	
Proceeds from sales of investments	1,
Other	
Net cash used for investing activities	(
Net cash flows from financing activities:	
Issuance of debt, net of issuance costs	
Reduction of debt	
Issuance of common shares	
Excess tax benefit from exercise of stock options	
Other	
Net cash provided by financing activities	
Effect of foreign exchange rate changes on cash	
Net increase (decrease) in cash and cash equivalents	(
Cash and cash equivalents at January 1,	
Cash and cash equivalents at March 31,	$

See notes to interim consolidated financial statements.

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LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2008 and 2007
(In thousands, except par value)
(Unaudited)

	Common Shares $1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2007	$ 216,351	$ 520,892	$ (4,726)
Comprehensive income:			
Net change in unrealized gain (loss) on investments, net of taxes of $61,997			109,264
Net change in unrealized foreign exchange gain (loss), net of taxes of $263			462
Net change in unrealized gain (loss) on derivative instruments, net of taxes of $50			87
Net change in minimum pension liability and postretirement benefits, net of taxes of $167			293
Net income			
Comprehensive income			
Share-based compensation expense		3,384	
Exercise of options to purchase common shares, including excess tax benefit	232	4,162	
Purchase of common shares for treasury	(3)	(99)	
Balance, March 31, 2007	$ 216,580	$ 528,339	$ 105,380
Balance, January 1, 2008	$ 222,574	$ 783,145	$ 975,365
Comprehensive loss:			
Net change in unrealized gain (loss) on investments, net of taxes of $78,599			(137,433)
Net change in unrealized foreign exchange gain (loss), net of taxes of $4,012			7,013
Net change in unrealized gain (loss) on derivative instruments, net of taxes of $84			(147)
Net change in pension liability and			

postretirement benefits, net of taxes of $69			120
Net loss			
Comprehensive loss			
Share-based compensation expense		2,481	
Exercise of options to purchase common shares, including excess tax benefit	37	761	
Balance, March 31, 2008	$ 222,611	$ 786,387	$ 844,918

See notes to interim consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Notes to Interim Consolidated Financial Statements

1. The unaudited interim consolidated financial statements, which reflect all adjustments (consisting of normal recurring items or items discussed herein) that management believes necessary to present fairly results of interim operations, should be read in conjunction with the Notes to Consolidated Financial Statements (including the Summary of Significant Accounting Policies) included in the Company's audited consolidated financial statements for the year ended December 31, 2007, which are included in the Company's Annual Report filed on Form 10-K, as amended, for such year (the "2007 10-K"). Results of operations for interim periods are not necessarily indicative of annual results of operations. The consolidated balance sheet at December 31, 2007 was extracted from the audited annual financial statements and does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual financial statements.

   Effective January 1, 2008 (except as described below), the Company adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), and Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 157 defines fair value, establishes a framework for measuring fair value, establishes a hierarchy that prioritizes inputs to valuation techniques and expands disclosures about fair value measurements. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), the next priority to inputs that don't qualify as a Level 1 inputs but are nonetheless observable, either directly or indirectly, for the particular asset or liability (Level 2), and the lowest priority to unobservable inputs (Level 3). The Company elected to defer the effectiveness of SFAS 157 for one year only with respect to nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The adoption of SFAS 157 did not have any impact on the Company's consolidated financial statements other than expanded disclosures; however, fair value measurements for new assets or liabilities and fair value measurements for existing nonfinancial assets and nonfinancial liabilities may be materially different under SFAS 157.

SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value (the "fair value option"), and to report unrealized gains and losses on items for which the fair value option is elected in earnings. SFAS 159 identifies eligible items for which the fair value option may be elected, specifies election dates for eligible items (including all eligible items held as of January 1, 2008) and also permits the election of the fair value option on an instrument-by-instrument basis subject to certain exceptions. The Company did not elect the fair value option as of January 1, 2008 for any eligible items. However, for eligible items for which the accounting treatment changes, or that are acquired or entered into after SFAS 159 was adopted or otherwise become subject to a new election date, the Company intends to make an assessment at such time as to whether to elect the fair value option.

In February 2008, the Company elected the fair value option for one of its associated company investments, rather than apply the equity method of accounting. Unrealized gains and losses from this investment are reflected as a component of income (loss) related to associated companies in the consolidated statement of operations. Dividends, if any, declared on this investment will be recognized as a component of income (loss) related to associated companies on the ex-dividend date. See Note 14 for information concerning this investment.

In March 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161, which is effective for fiscal years beginning after November 15, 2008, requires enhanced disclosures about an entity's derivative and hedging activities, including the objectives and strategies for using derivatives, disclosures about fair value amounts of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The Company is currently evaluating the impact of adopting SFAS 161 on its consolidated financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, "Business Combinations" ("SFAS 141R") and Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS 160"). SFAS 141R will change how business combinations are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. SFAS 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of stockholders' equity. SFAS 141R and SFAS 160 are effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact of adopting SFAS 141R and SFAS 160 on its consolidated financial statements, but expects they will have a material impact on the accounting for future acquisitions and noncontrolling interests.

Certain amounts for prior periods have been reclassified to be consistent with the 2008 presentation.

2. Results of operations for the Company's segments are reflected from the date of acquisition, which was March 2007 for the telecommunications business conducted by the Company's 75% owned subsidiary STi Prepaid, LLC ("STi Prepaid"), and June 2007 for the property management and services business conducted by ResortQuest International, Inc. ("ResortQuest"). As more fully discussed in the 2007 10-K, the gaming entertainment business conducted by Premier Entertainment Biloxi, LLC ("Premier") has been reflected as a consolidated subsidiary since its emergence from bankruptcy in August 2007; for earlier 2007 periods Premier was classified as an investment in an associated company. The primary measure of segment operating results and profitability used by the Company is income (loss) from continuing operations before income taxes and income (loss) related to associated companies.

Certain information concerning the Company's segments for the three month periods ended March 31, 2008 and 2007 is presented in the following table.

	2008
	(In tho
Revenues and other income (a):	
Manufacturing:	
Idaho Timber	$ 58,470
Conwed Plastics	26,739
Telecommunications	119,684
Property Management and Services	39,700
Gaming Entertainment (b)	39,531
Domestic Real Estate	(713)
Medical Product Development	274
Other Operations	15,473
Corporate	25,691
Total consolidated revenues and other income	$ 324,849
Loss from continuing operations before income taxes and income (loss) related to associated companies:	
Manufacturing:	
Idaho Timber	$ (979)
Conwed Plastics	3,873
Telecommunications	3,187
Property Management and Services	4,283
Gaming Entertainment	9,395
Domestic Real Estate	(4,775)
Medical Product Development	(7,401)
Other Operations (c)	(3,101)
Corporate	(37,275)
Total consolidated loss from continuing operations before income taxes and income (loss) related to associated companies	$ (32,793)

(a) Revenues and other income for each segment include amounts for services rendered and products sold, as well as segment reported amounts classified as investment and other income and net securities gains on the Company's consolidated statements of operations.

(b) For the three month period ended March 31, 2008, the gaming entertainment segment's revenues and other income includes a $7,300,000 gain from the settlement of an insurance claim and $4,700,000 resulting from capital contributions from the minority interest. In prior periods, the Company recorded 100% of the losses from this segment after cumulative loss allocations to the minority interest had reduced the minority interest liability to zero. Since the minority interest liability remains at zero after considering the capital contributions, the entire capital contribution was recorded as income, effectively reimbursing the Company for a portion of the minority interest losses that were not previously allocated to them.

(c) Other operations includes pre-tax losses of $4,800,000 and $3,400,000 for the periods ended March 31, 2008 and 2007, respectively, for investigation and evaluation of various energy related projects. There were no material operating revenues associated with these activities.

For the three month periods ended March 31, 2008 and 2007, income (loss) from continuing operations has been reduced by depreciation and amortization expenses of $16,600,000 and $10,700,000, respectively; such amounts are primarily comprised of Corporate ($3,600,000 and $2,900,000, respectively), manufacturing ($4,400,000 and $4,600,000, respectively), gaming entertainment ($4,200,000 in 2008), domestic real estate ($600,000 and $900,000, respectively), property management and services ($1,300,000 in 2008) and other operations ($2,100,000 and $2,100,000, respectively). Depreciation and amortization expenses for other segments are not material.

For the three month periods ended March 31, 2008 and 2007, income (loss) from continuing operations has been reduced by interest expense of $35,800,000 and $20,100,000, respectively; such amounts are primarily comprised of Corporate ($35,400,000 and $20,100,000, respectively) and gaming entertainment ($400,000 in 2008). Interest expense for other segments is not material.

3. The following tables provide summarized data with respect to significant investments in associated companies accounted for under the equity method of accounting for the periods the investments were owned by the Company. The information is provided for those investments whose relative significance to the Company could result in the Company including separate audited financial statements for such investments in its Annual Report on Form 10-K for the year ended December 31, 2008 (in thousands).

Pershing Square IV, L.P. ("Pershing Square"):
Total revenues
Loss from continuing operations before extraordinary items
Net loss
The Company's equity in net loss

HFH ShortPLUS Fund, L.P. ("Shortplus"):

Total revenues
Income from continuing operations before extraordinary items
Net income
The Company's equity in net income

In March 2008, the Company increased its equity investment in the common shares of IFIS Limited ("IFIS"), a private Argentine company, from approximately 3% to 26% for an additional cash investment of $83,900,000. At March 31, 2008, the Company's aggregate investment in IFIS was classified as an investment in an associated company of $86,300,000 and is accounted for under the equity method of accounting. At December 31, 2007, the Company's investment in IFIS was classified as a non-current investment and was carried at cost. The Company's share of IFIS's net income for the period ended March 31, 2008 was not material.

IFIS owns a variety of investments, and its largest investment is approximately 34% of the outstanding common shares of Cresud Sociedad Anonima Comercial, Inmobiliaria, Financiera y Agropecuaria ("Cresud"). Cresud is an Argentine agricultural company involved in a range of activities including crop production, cattle raising and milk production. Cresud's common shares trade on the Buenos Aires Stock Exchange (Symbol: CRES); in the U.S., Cresud trades as American Depository Shares or ADSs (each of which represents ten common shares) on the NASDAQ Global Select Market (Symbol: CRESY). Cresud is also indirectly engaged in the Argentine real estate business through its approximate 34% interest in IRSA Inversiones y Representaciones Sociedad Anonima ("IRSA"), a company engaged in a variety of real estate activities in Argentina including ownership of residential properties, office buildings, shopping centers and luxury hotels. IRSA's common shares also trade on the Buenos Aires Stock Exchange (Symbol: IRSA); in the U.S., IRSA trades as ADSs on the New York Stock Exchange ("NYSE") (Symbol: IRS).

The Company also acquired a direct equity interest in Cresud for an aggregate cash investment of $54,300,000. The Company owns 3,364,174 Cresud ADSs, representing approximately 6.7% of Cresud's outstanding common shares, and currently exercisable warrants to purchase 11,213,914 Cresud common shares (or 1,121,391 Cresud ADSs) at an exercise price of $1.68 per share. The warrants expire on May 22, 2015 and are exercisable during a six day period from and including the 17th to the 22nd day of each February, May, September and November. The Company's direct investment in Cresud is classified as a non-current available for sale investment and carried at fair value.

4. A summary of investments at March 31, 2008 and December 31, 2007 is as follows (in thousands):

	March 31, 2008	
	Amortized Cost	Carrying Value and Estimated Fair Value
Current Investments:		

Investments available for sale	$ 298,113	$ 298,873
Trading securities	28,389	60,133
Other investments, including accrued interest income	8,813	8,813
Total current investments	$ 335,315	$ 367,819
Non-current Investments:		
Investments available for sale	$ 1,255,048	$ 2,706,499
Other investments	171,278	171,278
Total non-current investments	$ 1,426,326	$ 2,877,777

Non-current available for sale investments include 277,986,000 common shares of Fortescue Metals Group Ltd ("Fortescue"), representing approximately 9.9% of the outstanding Fortescue common stock. Fortescue is a publicly traded company on the Australian Stock Exchange (Symbol: FMG), and the shares acquired by the Company may be sold without restriction on the Australian Stock Exchange or in accordance with applicable securities laws. The Fortescue shares have a cost of $246,300,000 and market values of $1,652,400,000 and $1,824,700,000 at March 31, 2008 and December 31, 2007, respectively.

Non-current other investments include 5,600,000 common shares of Inmet Mining Corporation ("Inmet"), a Canadian-based global mining company traded on the Toronto Stock Exchange (Symbol: IMN), which have a cost and carrying value of $78,000,000 at March 31, 2008 and December 31, 2007. As more fully discussed in the 2007 10-K, the Inmet shares are restricted and may not be sold until August 2009 or earlier under certain specified circumstances. The Inmet shares will be carried at the initially recorded value (unless there is an other than temporary impairment) until one year prior to the termination of the transfer restrictions. At March 31, 2008, the market value of the Inmet shares is $409,600,000.

5. A summary of intangible assets, net and goodwill at March 31, 2008 and December 31, 2007 is as follows (in thousands):

Intangibles:
   Customer relationships, net of accumulated amortization of $21,521 and $19,472
   Licenses, net of accumulated amortization of $516 and $361
   Trademarks and tradename, net of accumulated amortization of $456 and $403
   Patents, net of accumulated amortization of $493 and $453
   Other, net of accumulated amortization of $2,117 and $2,048
Goodwill

Amortization expense on intangible assets was $2,400,000 and $2,100,000 for the three month periods ended March 31, 2008 and 2007, respectively. The estimated aggregate future amortization expense for the intangible assets for each of the next five years is as follows (in thousands): 2008 (for the remaining nine months) - $6,900; 2009 - $8,900; 2010 - $8,500; 2011 - $8,100; and 2012 - $7,800.

All of the goodwill in the above table relates to Conwed Plastics.

6. A summary of accumulated other comprehensive income (loss), net of taxes at March 31, 2008 and December 31, 2007 is as follows (in thousands):

	March 31, 2008	Dec
Net unrealized gains on investments	$ 860,245	$
Net unrealized foreign exchange gains	14,017	
Net unrealized losses on derivative instruments	(1,211)	
Net minimum pension liability	(28,882)	
Net postretirement benefit	749	
	$ 844,918	$

7. Investment and other income includes changes in the fair values of derivative financial instruments of $(4,700,000) and $(100,000) for the three month periods ended March 31, 2008 and 2007, respectively.

8. Pension expense charged to operations for the three month periods ended March 31, 2008 and 2007 related to defined benefit pension plans included the following components (in thousands):

	2008
Interest cost	$ 3,096
Expected return on plan assets	(2,667)
Actuarial loss	168
Amortization of prior service cost	1
Net pension expense	$ 598

The Company did not make any contributions to its defined benefit pension plans during the first quarter of 2008.

Several subsidiaries provide certain healthcare and other benefits to certain retired employees under plans which are currently unfunded. The Company pays the cost of postretirement benefits as they are incurred. Amounts charged to expense were not material in each of the three month periods ended March 31, 2008 and 2007.

9. For the three months ended March 31, 2008 and 2007, salaries and incentive compensation expense included $2,500,000 and $3,400,000, respectively, for share-based compensation expense relating to grants previously made under the Company's senior executive warrant plan and fixed stock option plan. No grants were made during the 2008 period.

10. The aggregate amount of unrecognized tax benefits reflected in the Company's consolidated balance sheet was $12,800,000 (including $3,400,000 for interest); if recognized, such amounts would lower the Company's effective tax rate. Unrecognized tax benefits were not materially different at December 31, 2007. Over the next twelve months, the Company believes it is reasonably possible that the aggregate amount of unrecognized tax benefits will decrease by an additional $3,500,000 upon the expiration of the statute of limitations. The statute of limitations with respect to the Company's federal income tax returns has expired for all years through 2001. The Company's New York State and New York City income tax returns are currently being audited for the 2003 to 2005 period.

11. Basic earnings (loss) per share amounts are calculated by dividing net income (loss) by the sum of the weighted average number of common shares outstanding. To determine diluted earnings (loss) per share, the weighted average number of common shares is adjusted for the incremental weighted average number of shares issuable upon exercise of outstanding options and warrants, unless the effect is antidilutive. In addition, the calculations of diluted earnings (loss) per share assume the 3 3/4% Convertible Notes are converted into common shares and earnings increased for the interest on such notes, net of the income tax effect, unless the effect is antidilutive. The number of shares used to calculate basic earnings (loss) per share amounts was 222,584,000 and 216,409,000 for the three month periods ended March 31, 2008 and 2007, respectively. The number of shares used to calculate diluted earnings (loss) per share amounts was 222,584,000 and 216,779,000 for the three month periods ended March 31, 2008 and 2007, respectively. The denominator for dilutive per share computations for the three month period ended March 31, 2007 reflects the effect of dilutive options. For the three month period ended March 31, 2008, 1,506,000 options and warrants were not included in the computation of diluted loss per share as the effect was antidilutive. For the three month periods ended March 31, 2008 and 2007, the 3 3/4% Convertible Notes, which are convertible into 15,239,490 common shares, were not included in the computation of diluted earnings (loss) per share as the effect was antidilutive.

12. Cash paid for interest and income taxes (net of refunds) was $61,000,000 and $3,100,000, respectively, for the three month period ended March 31, 2008 and $25,300,000 and $5,700,000, respectively, for the three month period ended March 31, 2007.

13. Debt due within one year includes $145,800,000 and $125,000,000 as of March 31, 2008 and December 31, 2007, respectively, relating to repurchase agreements. At March 31, 2008, these fixed rate repurchase agreements have a weighted average interest rate of approximately 3.0%, mature in May 2008 and are secured by non-current investments with a carrying value of $156,200,000.

14. As of March 31, 2008, the Company had acquired approximately 25.6% of the outstanding voting securities of AmeriCredit Corp. ("ACF"), a company listed on the NYSE (Symbol: ACF), for aggregate cash consideration of $373,900,000 ($70,100,000 was invested as of December 31, 2007). ACF is an independent auto finance company that is in the business of purchasing and

servicing automobile sales finance contracts, predominantly to consumers who are typically unable to obtain financing from other sources. ACF has historically funded its auto lending activities through the transfer of loans in securitization transactions. At March 31, 2008, the Company's investment in ACF is carried at fair value of $295,400,000, with an unrealized loss of $78,500,000 included in income (loss) related to associated companies in the consolidated statement of operations. At December 31, 2007, the Company's investment in ACF was classified as non-current investments and carried at fair value of $71,500,000.

The Company's investment in ACF is one of the eligible items for which the fair value option identified in SFAS 159 can be elected, commencing on the date the Company acquired the right to vote 20% of the ACF common stock and the investment became subject to the equity method of accounting. If ACF were accounted for under the equity method, the Company would have to record its share of ACF's results of operations employing a quarterly reporting lag because of ACF's own public reporting requirements. In addition, electing the fair value option for ACF eliminates some of the uncertainty involved with impairment considerations, since the quoted market price for ACF common shares provides a readily determinable fair value at each balance sheet date. For these reasons the Company elected the fair value option for its investment in ACF.

The relative significance of ACF to the Company could result in the Company including separate audited financial statements for ACF in its Annual Report on Form 10-K for the year ended December 31, 2008. The following table provides summarized data with respect to ACF for the three months ended March 31, 2008 (in thousands):

Total revenues	$ 638,7
Income from continuing operations before extraordinary items	38,2
Net income	38,2

The Company's investment in HomeFed Corporation ("HomeFed") is the only other investment in an associated company that is also a publicly traded company but for which the Company did not elect the fair value option. HomeFed's common stock is not listed on any stock exchange, and price information for the common stock is not regularly quoted on any automated quotation system. It is traded in the over-the-counter market with high and low bid prices published by the National Association of Securities Dealers OTC Bulletin Board Service; however, trading volume is minimal. For these reasons the Company did not elect the fair value option for HomeFed.

The Company did not elect the fair value option during the first quarter of 2008 for any other eligible item identified in SFAS 159.

15. Aggregate information concerning assets and liabilities at March 31, 2008 that are measured at fair value on a recurring basis is presented below (dollars in thousands):

Fair Value Me

	Total Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets o Liabilities (Level 1)
Investments classified as current assets:		
Investments available for sale	$ 298,873	$ 298,873
Trading securities (a)	49,100	5,474
	347,973	304,347
Non-current investments:		
Investments available for sale	2,657,883	2,123,322
Investments in associated companies (b)	295,418	295,418
Total	$ 3,301,274	$ 2,723,087
Other current liabilities (c)	$ 5,699	$ 5,699
Other non-current liabilities (d)	13,161	--
Total	$ 18,860	$ 5,699

(a) During the period ended March 31, 2008, changes in fair value of $7,300,000 are reflected in net securities gains in the consolidated statement of operations.

(b) During the period ended March 31, 2008, a change in fair value of $78,500,000 is reflected in income (loss) related to associated companies in the consolidated statement of operations. This is the change in fair value of ACF, the only eligible item identified in SFAS 159 for which the Company has elected the fair value option.

(c) During the period ended March 31, 2008, a change in fair value of $100,000 is reflected in net securities gains in the consolidated statement of operations.

(d) Comprised of currency swap and interest rate swap derivative financial instruments. During the period ended March 31, 2008, a change in fair value of $4,700,000 is reflected in investment and other income in the consolidated statement of operations.

(e) At March 31, 2008, the Company did not have material fair value measurements using unobservable inputs (Level 3).

16. In April 2008, the Company sold to Jefferies Group, Inc. ("Jefferies") 10,000,000 of the Company's common shares, and received 26,585,310 shares of common stock of Jefferies and $100,021,000 in cash. In addition, the Company entered into a standstill agreement, pursuant to which for the two year period ending April 21, 2010, the Company agreed, subject to certain provisions, to limit its investment in Jefferies to not more than 30% of

the outstanding Jefferies common shares and to not sell its investment, and received the right to nominate two directors to the board of directors of Jefferies. Jefferies also agreed to enter into a registration rights agreement covering all of the Jefferies shares of common stock owned by the Company, and the Company agreed to register the Company's common shares owned by Jefferies. Jefferies, a company listed on the NYSE (Symbol: JEF), is a full-service global investment bank and institutional securities firm serving companies and their investors.

The Jefferies shares acquired in April 2008, when added to the 4,265,800 shares of Jefferies common stock acquired by the Company during the first quarter of 2008 for $74,226,000, together with the Company's representation on the Jefferies board of directors, enables the Company to qualify to use the equity method of accounting for this investment. The Company's investment in Jefferies is one of the eligible items for which the fair value option identified in SFAS 159 can be elected, commencing on the date the investment became subject to the equity method of accounting, and the Company has elected the fair value option for this investment. The Company's rationale for electing the fair value option for Jefferies is the same as its rationale for its investment in ACF discussed above.

As of May 8, 2008, including additional shares acquired in open market purchases after March 31, 2008, the Company owned an aggregate of 43,955,578 Jefferies common shares (27.5% of the outstanding Jefferies common stock) for an aggregate cost of $710,900,000, with an aggregate fair value of $810,500,000.

17. In April 2008, the Lake Charles Harbor & Terminal District of Lake Charles, Louisiana sold $1,000,000,000 in tax exempt bonds which will support the development of a $1,600,000,000 petroleum coke gasification plant project currently being developed by the Company's wholly-owned subsidiary, Lake Charles Cogeneration LLC ("LCC"). The Lake Charles Cogeneration project is a new chemical manufacturing project planning to use quench gasification technology to produce energy products from low grade solid fuel sources such as petroleum coke. The primary products to be produced by the Lake Charles Cogeneration project will be substitute natural gas and hydrogen.

LCC does not currently have access to the bond proceeds, which are currently being held in an escrow account by the bond trustee, and it will not have access to the bond proceeds until certain conditions are satisfied. The Company is not obligated to make equity contributions to LCC to fund a portion of the project's costs until it completes its investigation and the project is approved by the Company's board of directors. Upon the completion of pending permitting, regulatory approval, design engineering and the satisfaction of certain other conditions of the financing agreements, the bonds will be remarketed for a longer term and the proceeds will be released to LCC to use for the payment of development and construction costs for the project. The expected date for construction commencement is March 2009, with commercial operation of the plant to begin in 2012. Once LCC begins to draw down on the bond proceeds, any amounts drawn will be recorded as long-term indebtedness of LCC.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Interim Operations.

The following should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2007

10-K.

Liquidity and Capital Resources

In addition to cash and cash equivalents, the Company also considers investments classified as current assets and investments classified as non-current assets on the face of its consolidated balance sheet as being generally available to meet its liquidity needs. Securities classified as current and non-current investments are not as liquid as cash and cash equivalents, but they are generally easily convertible into cash within a short period of time. As of March 31, 2008, the sum of these amounts aggregated $3,503,700,000. However, since $590,000,000 of this amount is pledged as collateral pursuant to various agreements, represents investments in non-public securities or is held by subsidiaries that are party to agreements which restrict the Company's ability to use the funds for other purposes (including the Inmet shares), the Company does not consider those amounts to be available to meet the Parent's liquidity needs. The $2,913,700,000 that is available is comprised of cash and short-term bonds and notes of the U.S. Government and its agencies, U.S. Government-Sponsored Enterprises and other publicly traded debt and equity securities (including the Company's $1,652,400,000 investment in Fortescue common shares). The investment income realized from the Parent's cash, cash equivalents and marketable securities is used to meet the Parent company's short-term recurring cash requirements, which are principally the payment of interest on its debt and corporate overhead expenses.

As of March 31, 2008, the Company had acquired approximately 25.6% of the outstanding voting securities of ACF, a company listed on the NYSE, for aggregate cash consideration of $373,900,000 ($70,100,000 was invested as of December 31, 2007). ACF is an independent auto finance company that is in the business of purchasing and servicing automobile sales finance contracts, predominantly to consumers who are typically unable to obtain financing from other sources. ACF has historically funded its auto lending activities through the transfer of loans in securitization transactions. The Company has entered into a standstill agreement with ACF for the two year period ending March 3, 2010, pursuant to which the Company has agreed not to sell its shares if the buyer would own more than 4.9% of the outstanding shares, unless the buyer agreed to be bound by terms of the standstill agreement, and to not increase its ownership interest to more than 30% of the outstanding ACF common shares. ACF also entered into a registration rights agreement covering all of the common shares owned by the Company. At March 31, 2008, the Company's investment in ACF is carried at fair value of $295,400,000; the investment in ACF is the only eligible item for which the Company elected the fair value option described in SFAS 159.

In March 2008, the Company increased its equity investment in the common shares of IFIS, a private Argentine company, from approximately 3% to 26% for an additional cash investment of $83,900,000. At March 31, 2008, the Company's aggregate investment in IFIS was classified as an investment in an associated company of $86,300,000 and is accounted for under the equity method of accounting. IFIS owns a variety of investments, and its largest investment is approximately 34% of the outstanding common shares of Cresud, an Argentine agricultural company involved in a range of activities including crop production, cattle raising and milk production. Cresud's common shares trade on the Buenos Aires Stock Exchange (Symbol: CRES); in the U.S., Cresud trades as American Depository Shares or ADSs (each of which represents ten common shares) on the NASDAQ Global Select Market (Symbol: CRESY). Cresud is also indirectly engaged in the Argentine real estate business through its approximate 34% interest in IRSA, a company engaged in a variety of real estate activities in Argentina including ownership of residential properties, office buildings, shopping centers and luxury hotels. IRSA's common shares also trade on the Buenos Aires Stock Exchange (Symbol: IRSA); in the U.S., IRSA trades as ADSs on the NYSE (Symbol: IRS).

The Company also acquired a direct equity interest in Cresud for an aggregate cash investment of $54,300,000. The Company owns 3,364,174 Cresud ADSs, representing approximately 6.7% of Cresud's outstanding common shares, and currently exercisable warrants to purchase 11,213,914 Cresud common shares (or 1,121,391 Cresud ADSs) at an exercise price of $1.68 per share. The Company's direct investment in Cresud is classified as a non-current available for sale investment and carried at fair value.

In April 2008, the Company sold to Jefferies 10,000,000 of the Company's common shares, and received 26,585,310 shares of common stock of Jefferies and $100,021,000 in cash. In addition, the Company entered into a standstill agreement, pursuant to which for the two year period ending April 21, 2010, the Company agreed, subject to certain provisions, to limit its investment in Jefferies to not more than 30% of the outstanding Jefferies common shares and to not sell its investment, and received the right to nominate two directors to the board of directors of Jefferies. Jefferies, a company listed on the NYSE (Symbol: JEF), is a full-service global investment bank and institutional securities firm serving companies and their investors. Jefferies also agreed to enter into a registration rights agreement covering all of the common shares owned by the Company.

The Jefferies shares acquired in April 2008, when added to the 4,265,800 shares of Jefferies common stock acquired by the Company during the first quarter of 2008 for $74,226,000, together with the Company's representation on the Jefferies board of directors, enables the Company to qualify to use the equity method of accounting for this investment. The Company's investment in Jefferies is one of the eligible items for which the fair value option identified in SFAS 159 can be elected, commencing on the date the investment became subject to the equity method of accounting, and the Company has elected the fair value option for this investment. As of May 8, 2008, including additional shares acquired in open market purchases after March 31, 2008, the Company owned an aggregate of 43,955,578 Jefferies common shares (27.5% of the outstanding Jefferies common stock) for an aggregate cost of $710,900,000, with an aggregate fair value of $810,500,000.

As more fully described in the 2007 10-K, during 2007 the Company and Jefferies formed Jefferies High Yield Holdings, LLC ("JHYH"), a newly formed entity, and the Company and Jefferies each committed to invest $600,000,000. The Company has invested $350,000,000 in JHYH and is currently committed to an additional investment of $250,000,000, subject to Jefferies prior request. Any request for additional capital contributions from the Company will now require the consent of the Company's designees to the Jefferies board.

As discussed above, in April 2008, the Lake Charles Harbor & Terminal District of Lake Charles, Louisiana sold $1,000,000,000 in tax exempt bonds which will support the development of a $1,600,000,000 petroleum coke gasification plant project currently being developed by the Company's wholly-owned subsidiary, Lake Charles Cogeneration LLC ("LCC"). LCC does not currently have access to the bond proceeds, which are currently being held in an escrow account by the bond trustee, and it will not have access to the bond proceeds until certain conditions are satisfied. The Company is not obligated to make equity contributions to LCC to fund a portion of the project's costs until it completes its investigation and the project is approved by the Company's board of directors. Upon the completion of pending permitting, regulatory approval, design engineering and the satisfaction of certain other conditions of the financing agreements, the bonds will be remarketed for a longer term and the proceeds will be released to LCC to use for the payment of development and construction costs for the project. The expected date for construction commencement is March 2009, with commercial operation of the plant to begin in 2012. Once LCC begins to draw down on the bond proceeds, any amounts drawn will be recorded as long-term indebtedness of LCC.

Consolidated Statements of Cash Flows

Net cash of $46,100,000 was used for operating activities in the three month period ended March 31, 2008 as compared to $26,300,000 of net cash provided by operating activities in the three month period ended March 31, 2007. The change reflects decreased distributions of earnings from associated companies and increased interest expense payments. The change in operating cash flows also reflects decreased funds generated from activity in the trading portfolio. Funds used for operating activities during 2008 include the results of companies acquired during 2007, STi Prepaid and ResortQuest, and the results of Premier following its reconsolidation in the third quarter of 2007. STi Prepaid's telecommunications operations generated funds from operating activities of $5,200,000 and $6,600,000 during the 2008 and 2007 periods, respectively, the Company's property management and services segment generated funds of $2,900,000 in 2008 and Premier generated funds of $5,200,000 in 2008. For 2008, funds used by the Company's manufacturing segments were $7,700,000 as compared to $2,900,000 in the 2007 period, principally reflecting reduced profitability at Idaho Timber. Funds used by Sangart, Inc. ("Sangart"), a development stage company, increased to $6,900,000 during the 2008 period from $5,100,000 during the 2007 period. In 2008, distributions from associated companies principally include earnings distributed by JHYH ($4,300,000) and Goober Drilling, LLC ("Goober Drilling") ($4,500,000). In 2007, distributions from associated companies principally include earnings distributed by Jefferies Partners Opportunity Fund II, LLC ("JPOF II") ($26,200,000).

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Net cash flows used for investing activities were $205,000,000 in the first quarter of 2008 and $113,700,000 in the first quarter of 2007. During 2007, acquisitions, net of cash acquired, principally include assets acquired by STi Prepaid ($84,600,000). Investments in associated companies include IFIS ($83,900,000) and ACF ($303,800,000) in 2008 and Goober Drilling, ($25,000,000), Highland Opportunity Fund L.P. ("Highland Opportunity") ($74,000,000), Shortplus ($25,000,000), Cobre Las Cruces, S.A. ("CLC") ($4,000,000) and others ($28,400,000) in 2007. Capital distributions from associated companies principally include $17,300,000 from Safe Harbor Domestic Partners L.P. ("Safe Harbor"), $9,000,000 from Goober Drilling and $7,000,000 from EagleRock Capital Partners (QP), LP ("EagleRock") in the 2008 period.

Net cash provided by financing activities was $52,100,000 in the first quarter of 2008 and $500,600,000 in the first quarter of 2007. Issuance of long-term debt for the 2007 period reflects the issuance of $500,000,000 principal amount of the Company's 7 1/8% Notes and for the 2008 and 2007 periods reflects the increase in repurchase agreements of $20,800,000 and $4,700,000, respectively. Issuance of common shares for the three month periods ended March 31, 2008 and 2007 principally reflects the exercise of employee stock options.

Critical Accounting Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts in the financial statements and disclosures of contingent assets and liabilities. On an on-going basis, the Company evaluates all of these estimates and assumptions. The following areas have been identified as critical accounting estimates because they have the potential to have a material impact on the

Company's financial statements, and because they are based on assumptions which are used in the accounting records to reflect, at a specific point in time, events whose ultimate outcome won't be known until a later date. Actual results could differ from these estimates.

Income Taxes - The Company records a valuation allowance to reduce its deferred tax asset to the amount that is more likely than not to be realized. If in the future the Company were to determine that it would be able to realize its deferred tax asset in excess of its net recorded amount, an adjustment would increase income in such period or, if such determination were made in connection with an acquisition, an adjustment would be made in connection with the allocation of the purchase price to acquired assets and liabilities. If in the future the Company were to determine that it would not be able to realize all or part of its deferred tax asset, an adjustment would be charged to income in such period. The determination of the amount of the valuation allowance required is based, in significant part, upon the Company's projection of future taxable income at any point in time. The Company also records reserves for contingent tax liabilities based on the Company's assessment of the probability of successfully sustaining its tax filing positions.

The Company's conclusion that a portion of the deferred tax asset is more likely than not to be realized is strongly influenced by its historical ability to generate significant amounts of taxable income and its projections of future taxable income, and also takes into consideration unrealized gains in its investment portfolio. The Company's estimate of future taxable income considers all available evidence, both positive and negative, about its current operations and investments, includes an aggregation of individual projections for each material operation and investment, estimates apportionment factors for state and local taxing jurisdictions and includes all future years that the Company estimated it would have available net operating losses. The Company believes that its estimate of future taxable income is reasonable but inherently uncertain, and if its current or future operations and investments generate taxable income greater than the projected amounts, further adjustments to reduce the valuation allowance are possible. Conversely, if the Company realizes unforeseen material losses in the future, or its ability to generate future taxable income necessary to realize a portion of the deferred tax asset is materially reduced, additions to the valuation allowance could be recorded. At March 31, 2008, the balance of the deferred valuation allowance was approximately $299,800,000.

Impairment of Long-Lived Assets - In accordance with Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. When testing for impairment, the Company groups its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (or asset group). The determination of whether an asset group is recoverable is based on management's estimate of undiscounted future cash flows directly attributable to the asset group as compared to its carrying value. If the carrying amount of the asset group is greater than the undiscounted cash flows, an impairment loss would be recognized for the amount by which the carrying amount of the asset group exceeds its estimated fair value. The Company did not recognize any impairment losses on long-lived assets during the three month periods ended March 31, 2008 and 2007.

Impairment of Securities - Investments with an impairment in value considered to be other than temporary are written down to estimated fair value. The write-downs are included in net securities gains in the consolidated statements of operations. The Company evaluates its investments for impairment on a quarterly basis.

The Company's determination of whether a security is other than temporarily impaired incorporates both quantitative and qualitative information; GAAP requires the exercise of judgment in making this assessment, rather than the application of fixed mathematical criteria. The Company considers a number of factors including, but not limited to, the length of time and the extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, the reason for the decline in fair value, changes in fair value subsequent to the balance sheet date, the ability and intent to hold investments to maturity, and other factors specific to the individual investment. The Company's assessment involves a high degree of judgment and accordingly, actual results may differ materially from the Company's estimates and judgments. The Company recorded impairment charges for securities of $6,700,000 and $100,000 for the three month periods ended March 31, 2008 and 2007, respectively.

Business Combinations - At acquisition, the Company allocates the cost of a business acquisition to the specific tangible and intangible assets acquired and liabilities assumed based upon their relative fair values. Significant judgments and estimates are often made to determine these allocated values, and may include the use of appraisals, consider market quotes for similar transactions, employ discounted cash flow techniques or consider other information the Company believes relevant. The finalization of the purchase price allocation will typically take a number of months to complete, and if final values are materially different from initially recorded amounts adjustments are recorded. Any excess of the cost of a business acquisition over the fair values of the net assets and liabilities acquired is recorded as goodwill, which is not amortized to expense. Recorded goodwill of a reporting unit is required to be tested for impairment on an annual basis, and between annual testing dates if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its net book value.

Subsequent to the finalization of the purchase price allocation, any adjustments to the recorded values of acquired assets and liabilities would be reflected in the Company's consolidated statement of operations. Once final, the Company is not permitted to revise the allocation of the original purchase price, even if subsequent events or circumstances prove the Company's original judgments and estimates to be incorrect. In addition, long-lived assets like property and equipment, amortizable intangibles and goodwill may be deemed to be impaired in the future resulting in the recognition of an impairment loss; however, under GAAP the methods, assumptions and results of an impairment review are not the same for all long-lived assets. The assumptions and judgments made by the Company when recording business combinations will have an impact on reported results of operations for many years into the future.

Use of Fair Value Estimates - Substantially all of the Company's investment portfolio is classified as either available for sale or as trading securities, both of which are carried at estimated fair value in the Company's consolidated balance sheet. The Company's investment in ACF is also carried at fair value and is classified as an investment in an associated company. The estimated fair values are principally based on publicly quoted market prices, which can rise or fall in reaction to a wide variety of factors or events, and as such are subject to market-related risks and uncertainties. The Company also invests in limited partnerships or limited liability companies which are accounted for under the equity method of accounting. These investees hold investments in publicly and non-publicly traded securities, and as such are also subject to market-related risks and uncertainties and the risks inherent in estimating the fair values of such securities. Since changes in the fair value of all of these investments are recognized in the Company's consolidated balance sheet, and with respect to trading securities, securities owned by certain equity method investees and the Company's investment in ACF, also in the Company's consolidated statement of operations, the Company is exposed to volatility in securities markets.

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Contingencies - The Company accrues for contingent losses when the contingent loss is probable and the amount of loss can be reasonably estimated. Estimates of the likelihood that a loss will be incurred and of contingent loss amounts normally require significant judgment by management, can be highly subjective and are subject to material change with the passage of time as more information becomes available. As of March 31, 2008, the Company's accrual for contingent losses was not material.

Results of Operations

Three Months Ended March 31, 2008 Compared to the Three Months Ended March 31, 2007

General

Substantially all of the Company's operating businesses sell products or services that are impacted by general economic conditions in the U.S. and to a lesser extent internationally. Poor general economic conditions can reduce the demand for products or services sold by the Company's operating subsidiaries and/or result in reduced pricing for products or services. Troubled industry sectors, like the residential real estate market, can have an adverse direct impact not only on the Company's real estate and property management and services segments, but also can have an adverse indirect impact on some of the Company's other operating segments, including manufacturing and gaming entertainment. The discussions below and in the 2007 10-K concerning revenue and profitability by segment consider current economic conditions and the impact such conditions have on each segment; however, should general economic conditions worsen and/or if the country experiences a recession, the Company believes that all of its businesses would be more adversely impacted than currently anticipated.

The Company does not have any operating businesses that are participants in the sub-prime real estate lending sector, though a tightening in consumer lending standards has and will have a direct or indirect negative impact on certain of the Company's operations. The Company's investment portfolio includes mortgage-backed securities of $368,600,000 at March 31, 2008; however, substantially all of these securities are rated investment grade and issued by United States Government agencies or U.S. Government-Sponsored Enterprises. The Company has also invested in certain investment partnerships (classified as investments in associated companies) that invest in securities whose values are directly affected by the sub-prime lending crisis. The Company's exposure to changes in their values is limited to the net book value of its investment in such partnerships. At March 31, 2008, the aggregate book value of the Company's investments in such partnerships was approximately $129,100,000.

As more fully discussed above, SFAS 159 permits the Company to measure many financial instruments and certain other items at fair value, with unrealized gains and losses reported in the consolidated statement of operations. Although the Company has only elected the fair value option for one eligible item during the first quarter of 2008, the investment in ACF, the volatility in the market price of ACF's common stock, combined with the size of the Company's ownership interest, has significantly increased the volatility of the Company's earnings. The Company may also experience significant volatility in future periods from its investment in ACF and/or from new items for which the fair value option may be elected, such as its investment in Jefferies during the second quarter of 2008. During the first quarter of 2008, the Company recognized an unrealized loss of $78,500,000 related to its investment in ACF.

Manufacturing - Idaho Timber

Revenues and other income for Idaho Timber for the three months ended March 31, 2008 and 2007 were $58,500,000 and $72,500,000, respectively; gross profits were $2,700,000 and $9,000,000, respectively; salaries and incentive compensation expenses were $1,800,000 and $2,300,000, respectively; depreciation and amortization expenses were $1,100,000 and $1,200,000, respectively; and pre-tax income (loss) were $(1,000,000) and $4,200,000, respectively.

Idaho Timber's revenues for the first quarter of 2008 continued to reflect the weak demand resulting from reductions in housing starts and the abundant supply of high-grade lumber in the marketplace. Shipment volume and average selling prices in 2008 decreased approximately 13% and approximately 7%, respectively, as compared to the first quarter of 2007. Revenues for the first quarter of 2008 also declined approximately 4% as compared to the fourth quarter of 2007, primarily due to lower shipment volume. Idaho Timber expects that the abundance of existing homes available for sale in the market will continue to negatively impact housing starts and Idaho Timber's revenues during 2008. Until housing starts begin to increase, dimension lumber shipping volume may remain flat or could decline further.

Raw material cost per thousand board feet was largely unchanged in the first quarter of 2008 as compared to the first and fourth quarters in 2007. Reduced availability of low-grade lumber due to sawmills shifting production to other products and the continued export of low-grade lumber caused the price of low-grade lumber to remain relatively stable. The difference between Idaho Timber's selling price and raw material cost per thousand board feet (spread) is closely monitored, and the rate of change in pricing and cost is typically not the same. Spreads declined for the first quarter of 2008 as compared to the first and fourth quarters of 2007.

Manufacturing - Conwed Plastics

Pre-tax income for Conwed Plastics was $3,900,000 and $3,400,000 for the three months ended March 31, 2008 and 2007, respectively. Its manufacturing revenues and other income were $26,700,000 and $24,200,000 and gross profits were $8,200,000 and $6,800,000 for the three months ended March 31, 2008 and 2007, respectively. Revenues increased in 2008 as compared to 2007 primarily in the packaging market, largely due to acquisitions made in 2007, and in various markets in Europe due to an acquisition in 2007, new customers and the impact of foreign exchange. However, Conwed Plastics' revenues in 2008 continued to be adversely impacted in those markets related to the housing industry.

Raw material costs increased approximately 29% in the first quarter of 2008 as compared to the same period in 2007. The primary raw material in Conwed Plastics' products is a polypropylene resin, which is a byproduct of the oil refining process, whose price tends to fluctuate with the price of oil. Although raw material costs increased, the gross margin was greater in the first quarter of 2008 as compared to the same period in 2007, primarily due to product mix, increased sales volume and higher selling prices. Pre-tax results for 2008 also reflect $200,000 of higher salaries and incentive compensation expense as compared to the 2007 period, principally due to increased headcount.

Telecommunications

The telecommunications business of STi Prepaid has been consolidated by the Company since March 2007. For the first quarter of 2008 and for the period from the asset acquisition through March 31, 2007, STi Prepaid's telecommunications revenues and other income were $119,700,000 and $32,800,000, respectively; telecommunications cost of sales were $106,100,000 and $27,600,000, respectively; salaries and incentive compensation expenses were $2,100,000 and $400,000, respectively; selling, general and other expenses were $8,000,000 and $1,800,000, respectively; and pre-tax income was $3,200,000 and $2,900,000, respectively.

Telecommunications revenues for the first quarter of 2008 increased approximately 13% as compared to the fourth quarter of 2007 principally due to increased carrier wholesale service business. Although STi Prepaid believes that its carrier wholesale service business will continue to grow, it does not expect that the rate of growth will continue at this pace. Gross margins for the 2008 period declined approximately 13% as compared to the fourth quarter of 2007 primarily due to new prepaid calling card launches that began in December of 2007 and continued throughout the first quarter. In addition, the decline in gross margin reflects the growth in the carrier wholesale service business, which has lower gross margins than the prepaid calling card business.

Property Management and Services

The property management and services operations of ResortQuest have been consolidated by the Company since June 2007. For the first quarter of 2008, property management and services revenues and other income were $39,700,000, direct operating expenses were $27,400,000, salaries and incentive compensation expenses were $1,400,000, depreciation and amortization expenses were $1,300,000, selling, general and other expenses were $5,300,000 and pre-tax income was $4,300,000.

ResortQuest's business is seasonal; the first quarter typically has greater revenues and profits as ski areas reach their peak season, and 2008 also benefited from earlier than usual religious and school holidays. ResortQuest's revenues and pre-tax results for the first quarter of 2008 reflect average daily rates and occupancy percentages that were greater than those for the comparable pre-acquisition period. Nevertheless, the vacation rental component of the property management business could be negatively impacted during 2008 by poor economic conditions in the U.S., including the impact of higher fuel prices and less disposable income. In 2008, ResortQuest recorded net real estate brokerage revenues of $4,800,000 upon the completion of certain large development projects. As more fully discussed in the 2007 10-K, the real estate brokerage business has been and will continue to be negatively impacted by the depressed real estate market.

Gaming Entertainment

As more fully discussed in the 2007 10-K, Premier was accounted for as a consolidated subsidiary when acquired during 2006; however, while in bankruptcy proceedings from September 19, 2006 to emergence on August 10, 2007, Premier was accounted for under the equity method of accounting. Premier's casino and hotel operations opened to the public on June 30, 2007; prior to opening, Premier's activities principally consisted of rebuilding and repairing the hotel and casino facilities that were severely damaged by Hurricane Katrina, and its bankruptcy proceedings.

For the first quarter of 2008, Premier's revenues and other income were

$39,500,000 and its pre-tax income was $9,400,000. Revenues and other income include a $7,300,000 gain from the settlement and collection of Premier's remaining insurance claim relating to Hurricane Katrina and $4,700,000 resulting from capital contributions from the minority interest. In prior periods, the Company recorded 100% of the losses after cumulative loss allocations to the minority interest had reduced the minority interest liability to zero. Since the minority interest liability remains at zero after considering the capital contributions, the entire capital contribution was recorded as income, effectively reimbursing the Company for a portion of the minority interest losses that were not previously allocated to them. Premier's results for the 2008 period also include direct operating expenses of $24,600,000, interest expense of $400,000, salaries and incentive compensation expenses of $800,000, depreciation and amortization expenses of $4,200,000, and selling, general and other expenses of $100,000.

Premier's gaming entertainment revenues for the first quarter of 2008 increased approximately 16% as compared to the fourth quarter of 2007. This increase is primarily due to seasonality in the Gulf Coast gaming market as well as increased market share. The Hard Rock Biloxi is still in the early stages of establishing its customer database and instituting customer loyalty programs and has not yet achieved a market share of the local gaming market commensurate with the size of its facility and the gaming choices it offers.

The Company's share of Premier's net loss under the equity method of accounting was $6,900,000 for the first quarter of 2007.

Domestic Real Estate

Pre-tax losses for the domestic real estate segment were $4,800,000 and $1,500,000 for the three months ended March 31, 2008 and 2007, respectively. Real estate revenues and other income for the three month period ended March 31, 2008 include $3,500,000 of charges related to the accounting for the mark-to-market value of an interest rate derivative relating to the Myrtle Beach project's debt obligation.

Pre-tax results for the domestic real estate segment are largely dependent upon the performance of the segment's operating properties, the current status of the Company's real estate development projects and non-recurring gains or losses recognized when real estate assets are sold. Accordingly, pre-tax results for this segment for any particular period are not predictable and do not follow any consistent pattern or trend.

Medical Product Development

Pre-tax losses (net of minority interest) for Sangart for the three month periods ended March 31, 2008 and 2007 were $7,400,000 and $8,400,000, respectively. Sangart's losses for 2008 and 2007 reflect research and development costs (which are included in selling, general and other expenses in the consolidated statement of operations) of $4,300,000 and $5,900,000, respectively, and salaries and incentive compensation expenses of $2,700,000 and $2,000,000, respectively. As more fully discussed in the 2007 10-K, in the first quarter of 2007, the Company expensed acquired research and development of $4,100,000 in connection with its increased investment in Sangart. The increase in salaries and incentive compensation in 2008 as compared to 2007 was due to increased headcount in connection with the Phase III trials.

Sangart is a development stage company that does not have any revenues from product sales. It is currently conducting two Phase III clinical trials in Europe for its lead product candidate, Hemospan(R), data from which is expected to become available in the second half of 2008. If these trials are successful it will then seek approval with the appropriate regulatory authorities to market its product. Sangart also recently completed a smaller Phase II clinical trial in the U.S., data from which is still being compiled. Until such time, if ever, that Sangart obtains regulatory approval for Hemospan, the Company will report losses from this segment. U.S. or foreign regulatory agencies could also require Sangart to perform more clinical trials, which could be both expensive and time consuming. The Company expects to invest up to an additional $48,500,000 in 2008 upon its exercise of existing warrants which will continue to fund Sangart's research and development costs and which will be expensed by the Company over time. The Company is unable to predict with certainty when, if ever, it will report operating profits for this segment.

Recently, the Journal of the American Medical Association published an analysis which purportedly linked past studies of hemoglobin-based oxygen carriers manufactured by five companies to an increased incidence of deaths and heart attacks. Data from an earlier Phase II trial of Hemospan was included in that analysis, even though none of the heart attacks or deaths reported were judged by the physician investigators to have been caused by Hemospan. Results from that same Phase II trial were later reviewed by regulators and ethics committees in six European countries, who agreed that Hemospan's earlier clinical studies presented an acceptable safety profile and as a result granted approval for Phase III trials to proceed.

Corporate and Other Operations

Investment and other income decreased in the three month 2008 period as compared to the same period in 2007. Investment income declined $12,000,000 in 2008 principally due to lower interest rates on a lower amount of fixed income securities. Investment and other income for the 2007 period includes the receipt of escrowed proceeds from the sale of an associated company in 2006 of $10,200,000 that had not been previously recognized. Other income reflects increases in 2008, as compared to the first quarter of 2007, in foreign exchange gains of $1,900,000, winery revenues of $1,500,000 and income from purchased delinquent credit card receivables of $4,100,000. Investment and other income also reflects charges of $1,200,000 and $100,000 for the 2008 and 2007 periods, respectively, related to the accounting for mark-to-market values of Corporate derivatives.

Net securities gains for Corporate and Other Operations aggregated $8,300,000 and $15,900,000 for the three month periods ended March 31, 2008 and 2007, respectively. The Company's net securities gains largely reflect realized gains from the sale of publicly traded debt and equity securities that had been classified as Corporate available for sale securities and unrealized gains on trading securities. Net securities gains for the 2008 and 2007 periods include provisions of $6,700,000 and $100,000, respectively, to write down the Company's investments in certain available for sale securities. The write down of the securities resulted from a decline in market value determined to be other than temporary.

The increase in interest expense during the three months ended March 31, 2008 as compared to the same period in 2007 primarily reflects interest expense relating to the 7 1/8% Senior Notes issued in March 2007 and the 8 1/8% Senior Notes issued in September 2007. Interest expense for the 2008 period also reflects decreased interest expense related to the fixed rate repurchase agreements.

Salaries and incentive compensation expense declined in the three month period ended March 31, 2008 as compared to the same period in 2007. Salaries and incentive compensation expense included $2,500,000 and $3,400,000 for the three month periods ended March 31, 2008 and 2007, respectively, relating to grants made under the Company's senior executive warrant plan and fixed stock option plan. Share-based compensation expense in 2007 included the accelerated vesting of stock options of an officer of the Company who resigned.

The decrease in selling, general and other expenses of $5,500,000 in the three month period ended March 31, 2008 as compared to the same period in 2007 primarily reflects a charge of $7,500,000 recorded in 2007 for the settlement of litigation related to MK Resources Company, and decreased legal fees, including those incurred in connection with that litigation. Selling, general and other expenses (largely professional fees and other costs) related to the investigation of energy projects were $4,300,000 and $2,800,000 for the three month periods ended March 31, 2008 and 2007, respectively.

For the three month periods ended March 31, 2008 and 2007, the Company's effective income tax rates are different than the federal statutory rate primarily due to state income taxes.

Associated Companies

Income (losses) related to associated companies for the three month periods ended March 31, 2008 and 2007 includes the following (in thousands):

	2008
ACF	$ (78,500)
Pershing Square	(5,000)
EagleRock	(4,100)
Premier	--
JHYH	(21,000)
JPOF II	--
HomeFed	(400)
Safe Harbor	--
Wintergreen Partners Fund L.P.	(5,800)
Highland Opportunity	(16,300)
Shortplus	8,500
RCG Ambrose, L.P.	(1,200)
Goober Drilling	6,400
CLC	3,900
Other	(300)
Income (loss) related to associated companies before income taxes	(113,800)
Income tax (expense) benefit	39,400
Income (loss) related to associated companies net of taxes	$ (74,400)

As discussed above, the Company elected the fair value option described in SFAS 159 for its investment in ACF, resulting in the recognition of an unrealized loss for the difference between the market value and the cost of the investment.

Discontinued Operations

WilTel Communications Group, LLC

Gain on disposal of discontinued operations for the 2007 period reflects the resolution of a sale-related contingency related to WilTel, which was sold in the fourth quarter of 2005.

Cautionary Statement for Forward-Looking Information

Statements included in this Report may contain forward-looking statements. Such statements may relate, but are not limited, to projections of revenues, income or loss, development expenditures, plans for growth and future operations, competition and regulation, as well as assumptions relating to the foregoing. Such forward-looking statements are made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted or quantified. When used in this Report, the words "estimates," "expects," "anticipates," "believes," "plans," "intends" and variations of such words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements.

Factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted or may materially and adversely affect the Company's actual results include but are not limited to the following: potential acquisitions and dispositions of our operations and investments could change our risk profile; dependence on certain key personnel; economic downturns; changes in the U.S. housing market; changes in telecommunications laws and regulations; risks associated with the increased volatility in raw material prices and the availability of key raw materials; declines in the prices of base metals (primarily iron ore and copper); compliance with government laws and regulations; changes in mortgage interest rate levels or changes in consumer lending practices; a decrease in consumer spending or general increases in the cost of living; proper functioning of our information systems; intense competition in the operation of our businesses; our ability to generate sufficient taxable income to fully realize our deferred tax asset; weather related conditions and significant natural disasters, including hurricanes, tornadoes, windstorms, earthquakes and hailstorms; our ability to insure certain risks economically; reduction or cessation of dividend payments on our common shares. For additional information see Part I, Item 1A. Risk Factors in the 2007 10-K and Part II, Item 1A. Risk Factors contained herein.

Undue reliance should not be placed on these forward-looking statements, which are applicable only as of the date hereof. The Company undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date of this Report or to reflect the occurrence of unanticipated events.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Information required under this Item is contained in Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, and is incorporated by reference herein.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

(a) The Company's management evaluated, with the participation of the Company's principal executive and principal financial officers, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of March 31, 2008. Based on their evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures were effective as of March 31, 2008.

Changes in internal control over financial reporting

(b) The Company has not yet completed its evaluation of the internal controls over financial reporting at STi Prepaid or ResortQuest, which were acquired by the Company during 2007. Except for changes that result relating to these entities, there has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended March 31, 2008, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1A. Risk Factors.

The Company is adding to its risk factors the items listed below.

The Company has a substantial investment in Jefferies, a full-service global investment bank and institutional securities firm. Adverse changes in the financial markets, credit markets and the economy in general can have an adverse impact on Jefferies' operating results, which could cause the value of our investment to decline.

The Company has a significant investment in IFIS and its affiliate, Cresud, which has substantial operations in Argentina and in other Latin American countries. The business of IFIS and Cresud is dependent upon the economic conditions prevailing in Argentina and other Latin American countries in which it operates; if economic conditions there deteriorate, it could have an adverse impact on the business of Cresud, which could cause the value of our investments in Cresud and IFIS to decline.

Item 6. Exhibits.

10.1 Share Forward Transaction Agreement, dated January 11, 2008 (incorporated herein by reference to Exhibit 1 to the Schedule 13D dated January 10, 2008 of Leucadia National Corporation with respect to AmeriCredit Corp.).

31.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of President pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.3 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of

2002.

32.2 Certification of President pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.3 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

LEUCADIA NATIONAL CORPORATION
(Registrant)

Date: May 9, 2008

By:/s/ Barbara L. Lowenthal

Barbara L. Lowenthal
Vice President and Comptroller
(Chief Accounting Officer)

Exhibit Index

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Total Semiconductors & Semiconductor Equipment $ 3,529,192 -- SOFTWARE & SERVICES -- 9.1% Application Software -- 3.3% 1,030,246 Applied Systems, Inc., First Lien Term Loan, 4.25%, 1/25/21 $ 1,026,254 990,000 Epiq Systems, Inc., Term Loan, 4.25%, 8/27/20 985,050 1,125,183 Expert Global Solutions, Inc., Advance First Lien Term Loan B, 8.5%, 4/3/18 1,124,058 1,055,821 Infor (U.S.), Inc., Tranche B-5 Term Loan, 3.75%, 6/3/20 1,043,943 1,526,692 Nuance Communications, Inc., Term Loan C, 2.91%, 8/7/19 1,503,028 975,000 Serena Software, Inc., Term Loan, 7.5%, 4/14/20 978,656 1,036,935 Verint Systems, Inc., Tranche B Incremental Term Loan, 3.5%, 9/6/19 1,037,064 1,000,000 Vertafore, Inc., Second Lien Term Loan, 9.75%, 10/27/17 1,011,875 1,845,991 Vertafore, Inc., Term Loan, 4.25%, 10/3/19 1,844,068 -------------- $ 10,553,996 -- Data Processing & Outsourced Services -- 0.6% 1,000,000 First Data Corp., 2018 B Second New Term Loan, 3.655%, 9/24/18 $ 988,250 802,493 First Data Corp., 2018 Dollar Term Loan, 3.655%, 3/23/18 793,047 -------------- $ 1,781,297 -- Home Entertainment Software -- 0.4% 1,435,000 MA Financeco LLC, Initial Tranche B Term Loan, 4.25%, 11/19/21 $ 1,405,852 -- Internet Software & Services -- 0.6% 238,505 DealerTrack Technologies, Inc., Term Loan, 3.5%, 2/28/21 $ 236,369 1,248,221 Vocus Valor Companies, Inc., First Lien Initial Term Loan, 6.0%, 5/30/21 1,224,817 497,458 Zayo Group LLC (Zayo Capital, Inc.) Term Loan, 4.0%, 7/2/19 497,406 -------------- $ 1,958,592 -- The accompanying notes are an integral part of these financial statements. 30 Pioneer Floating Rate Trust | Annual Report | 11/30/14 -- Principal Amount USD ($) Value -- IT Consulting & Other Services -- 3.0% 1,641,341 Booz Allen Hamilton, Inc., Initial Tranche B Term Loan, 3.75%, 7/31/19 $ 1,644,419 1,425,612 Deltek, Inc., First Lien Term Loan, 4.5%, 10/10/18 1,421,870 3,491,250 Evergreen Skills Lux S.a r.l., First Lien Initial Term Loan, 5.75%, 4/28/21 3,462,570 490,681 Kronos, Inc., First Lien Incremental Term Loan, 4.5%, 10/30/19 492,153 743,265 Safenet, Inc., First Lien Term Loan, 6.75%, 3/5/20 742,336 1,687,991 SunGuard Data Systems, Inc., Tranche C Term Loan, 3.906%, 2/28/17 1,685,163 -------------- $ 9,448,511 -- Systems Software -- 1.2% 1,250,000 AVG Technologies N.V. (AVG Corporate Services B.V.), Term Loan, 5.75%, 10/15/20 $ 1,246,875 1,271,813 MSC.Software Corp., Term Loan, 5.0%, 5/29/20 1,271,812 1,267,289 Rovi Solutions Corp., Term B Loan, 3.75%, 7/2/21 1,250,856 -------------- $ 3,769,543 -------------- Total Software & Services $ 28,917,791 -- TECHNOLOGY HARDWARE & EQUIPMENT -- 2.0% Communications Equipment -- 0.2% 691,525 Audio Visual Services Group, Inc., First Lien Term Loan, 4.5%, 1/25/21 $ 693,038 -- Electronic Components -- 0.9% 1,232,492 Generac Power Systems, Inc., Term Loan, 3.25%, 5/31/20 $ 1,206,301 1,578,455 Scitor Corp., Term Loan, 5.0%, 2/15/17 1,563,618 -------------- $ 2,769,919

-- Electronic Equipment & Instruments -- 0.3% 974,775 Sensus USA, Inc., Term Loan, 4.5%, 5/9/17 $ 957,716 -- Electronic Manufacturing Services -- 0.6% 1,940,000 4L Technologies, Inc. (fka Clover Holdings, Inc.), Term Loan, 6.75%, 5/8/20 $ 1,935,150 ------------- Total Technology Hardware & Equipment $ 6,355,823 -- TELECOMMUNICATION SERVICES -- 2.8% Integrated Telecommunication Services -- 1.7% 1,000,000 Level 3 Financing, Inc., Tranche B 2022 Term Loan, 4.5%, 10/31/22 $ 1,005,357 1,857,492 Securus Technologies Holdings, Inc., Initial First Lien Term Loan, 4.75%, 4/30/20 1,842,982 The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 31 Schedule of Investments | 11/30/14 (continued) -- Principal Amount USD ($) Value -- Integrated Telecommunication Services -- (continued) 1,406,212 West Corp., Term B-10 Loan, 3.25%, 6/30/18 $ 1,393,469 1,228,125 Windstream Corp., Tranche B-4 Term Loan, 3.5%, 1/23/20 1,222,592 ------------- $ 5,464,400 -- Wireless Telecommunication Services -- 1.1% 1,434,802 Crown Castle Operating Co., Extended Incremental Tranche B-2 Term Loan, 3.0%, 1/31/21 $ 1,431,574 1,895,657 Syniverse Holdings, Inc., Initial Term Loan, 4.0%, 4/23/19 1,866,431 ------------- $ 3,298,005 ------------- Total Telecommunication Services $ 8,762,405 -- TRANSPORTATION -- 5.7% Air Freight & Logistics -- 1.4% 1,485,886 Air Medical Group Holdings, Inc., Term Loan B-1, 5.0%, 6/30/18 $ 1,494,245 1,739,158 Dematic Corp., New Incremental Term Loan, 4.25%, 12/28/19 1,728,288 1,051,688 Ozburn-Hessey Holding Co., LLC, Term Loan, 6.75%, 5/23/19 1,049,058 ------------- $ 4,271,591 -- Airlines -- 2.9% 2,962,500 American Airlines, Inc., Class B Term Loan, 3.75%, 6/27/19 $ 2,939,665 246,250 Continental Airlines, Inc., (United Air Lines, Inc.), Class B Term Loan, 3.5%, 4/1/19 243,711 1,473,750 Delta Air Lines, Inc., 2014 Term B-1 Loan, 3.25%, 10/18/18 1,457,960 1,306,125 Delta Air Lines, Inc., Term Loan, 3.25%, 4/20/17 1,299,141 1,280,813 U.S. Airways, Inc., Tranche B-1 Term Loan, 3.5%, 5/23/19 1,262,241 2,134,688 U.S. Airways, Inc., Tranche B-2 Term Loan, 3.0%, 11/23/16 2,121,568 ------------- $ 9,324,286 -- Leisure Products -- 0.1% 423,313 Marine Acquisition Corp., Term Loan, 5.25%, 1/30/21 $ 424,371 -- Marine -- 0.3% 985,000 Commercial Barge Line Co., Initial First Lien Term Loan, 7.5%, 9/22/19 $ 989,925 -- Trucking -- 1.0% 997,500 Aegis Toxicology Sciences Corp., Initial First Lien Term Loan, 5.5%, 2/24/21 $ 1,001,241 805,391 Swift Transportation Co., LLC, Tranche B-2 Term Loan, 3.75%, 6/9/21 803,377 The accompanying notes are an integral part of these financial statements. 32 Pioneer Floating Rate Trust | Annual Report | 11/30/14 -- Principal Amount USD ($) Value -- Trucking -- (continued) 794,000 Syncreon Global Finance, Inc., Term Loan, 5.25%, 10/28/20 $ 784,075 645,125 YRC Worldwide, Inc., Initial Term Loan, 8.25%, 2/13/19 641,899 ------------- $ 3,230,592 ------------- Total Transportation $ 18,240,765 -- UTILITIES -- 5.3% Electric Utilities -- 2.6% 995,811 Atlantic Power Limited Partnership, Term Loan, 4.75%, 2/24/21 $ 1,004,524 687,640 Bayonne Energy Center LLC, (Bayonne Energy Center Urban Renewal LLC) Term B Advance, 5.0%, 8/19/21 693,084 2,221,875 Calpine Construction Finance Co., LP, Term B-1 Loan, 3.0%, 5/3/20 2,179,288 1,000,000 Southeast PowerGen LLC, Term Loan B, 3.5%, 12/2/21 1,005,000 1,155,792 Star West Generation LLC, Term B Advance, 4.25%, 3/13/20 1,151,458 2,000,000 Terra-Gen Finance Co., LLC, Term Loan B, 4.25%, 11/26/21 2,010,000 ------------- $ 8,043,354 -- Independent Power Producers & Energy Traders -- 2.0% 1,664,625 Calpine Corp., Term Loan, 4.0%, 4/1/18 $ 1,665,978 490,000 Calpine Corp., Term Loan, 4.0%, 10/9/19 488,545 1,063,462 Dynegy, Inc., Tranche B-2 Term Loan, 4.0%, 4/23/20 1,062,465 1,226,276 NRG Energy, Inc., 2013 Term Loan, 2.75%, 7/1/18 1,214,609 1,995,000 TerraForm Power Operating LLC,

Closing Date Term Loan, 4.75%, 7/23/19 1,999,988 -------------- $ 6,431,585
-- Water Utilities -- 0.7% 1,485,000 Synagro Technologies, Term Loan, 6.25%, 8/22/20 $ 1,460,869 860,167 WTG Holdings III Corp., First Lien Term Loan, 4.75%, 1/15/21 856,941 -------------- $ 2,317,810 -------------- Total Utilities $ 16,792,749
-- TOTAL SENIOR SECURED FLOATING RATE LOAN INTERESTS (Cost $450,426,520) $ 438,315,880
-- The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 33 Schedule of Investments | 11/30/14 (continued)
-- Principal Amount USD ($) Value -- COLLATERALIZED LOAN OBLIGATIONS -- 2.7% of Net Assets BANKS -- 2.7% Diversified Banks -- 0.9% 1,000,000(a)(c) Primus, Ltd., Series 2007-2A, Class D, 2.631%, 7/15/21 (144A) $ 939,617 1,000,000(a)(c) Rampart, Ltd., Series 2006-1A, Class D, 3.781%, 4/18/21 (144A) 980,424 951,289(a)(c) Stanfield McLaren, Ltd., Series 2007-1A, Class B2L, 4.736%, 2/27/21 (144A) 912,977 -------------- $ 2,833,018
-- Thrifts & Mortgage Finance -- 1.8% 1,000,000(a)(c) ACA, Ltd., Series 2007-1A, Class D, 2.581%, 6/15/22 (144A) $ 936,014 1,000,000(a)(c) Goldman Sachs Asset Management Plc, Series 2007-1A, Class D, 2.982%, 8/1/22 (144A) 979,724 1,000,000(a)(c) Gulf Stream -- Sextant, Ltd., Series 2007-1A, Class D, 2.635%, 6/17/21 (144A) 957,580 1,000,000(a)(c) Landmark CDO, Ltd., Series 2007-9A, Class E, 3.731%, 4/15/21 (144A) 939,630 2,000,000(a)(c) Stone Tower, Ltd., Series 2007-6A, Class C, 1.578%, 4/17/21 (144A) 1,871,206 -------------- $ 5,684,154 -------------- Total Banks $ 8,517,172
-- TOTAL COLLATERALIZED LOAN OBLIGATIONS (Cost $6,788,604) $ 8,517,172
-- U.S. GOVERNMENT AND AGENCY OBLIGATIONS -- 2.3% of Net Assets 2,405,000(a) U.S. Treasury Notes, 0.09%, 7/31/16 $ 2,405,101 2,405,000(a) U.S. Treasury Notes, 0.07%, 1/31/16 2,404,678 2,405,000(a) U.S. Treasury Notes, 0.09%, 4/30/16 2,405,223 -------------- $ 7,215,002
-- TOTAL U.S. GOVERNMENT AND AGENCY OBLIGATIONS (Cost $7,217,323) $ 7,215,002
-- CORPORATE BONDS & NOTES -- 1.1% of Net Assets DIVERSIFIED FINANCIALS -- 0.2% Other Diversified Financial Services -- 0.2% 500,000(a) Vita Capital V, Ltd., 2.726% , 1/15/17 (144A) $ 507,000 -------------- Total Diversified Financials $ 507,000 -- The accompanying notes are an integral part of these financial statements. 34 Pioneer Floating Rate Trust | Annual Report | 11/30/14
-- Principal Amount USD ($) Value -- ENERGY -- 0.0%+ Oil & Gas Drilling -- 0.0%+ 250,000 Offshore Group Investment, Ltd., 7.5%, 11/1/19 $ 187,500 -------------- Total Energy $ 187,500 -- INSURANCE -- 0.6% Reinsurance -- 0.6% 250,000(a) Atlas Reinsurance VII, Ltd., 8.105%, 1/7/16 (144A) (Cat Bond) $ 257,425 500,000(a) Combine Re, Ltd., 4.51%, 1/7/15 (144A) (Cat Bond) 500,850 250,000(a) East Lane Re V, Ltd., 9.01%, 3/16/16 (144A) (Cat Bond) 267,000 250,000(a) Mystic Re, Ltd., 9.01%, 3/12/15 (144A) (Cat Bond) 253,950 250,000(a) Mythen Re, Ltd., Series 2012-2 Class A, 8.526%, 1/5/17 (144A) (Cat Bond) 267,000 250,000(a) Queen Street VII Re, Ltd., 8.61%, 4/8/16 (144A) (Cat Bond) 259,375 -------------- Total Insurance $ 1,805,600
-- HEALTH CARE EQUIPMENT & SERVICES -- 0.3% Health Care Equipment & Services -- 0.3% 903,000 Physio-Control International, Inc., 9.875%, 1/15/19 (144A) $ 968,468 -------------- Total Health Care Equipment & Services $ 968,468 -- TOTAL CORPORATE BONDS & NOTES (Cost $3,403,000) $ 3,468,568

-- Shares
-- COMMON STOCKS -- 0.4%

of Net Assets INDUSTRIALS -- 0.0%+ Diversified Support Services -- 0.0%+ 31(f) IAP Worldwide Services, Inc. $ 26,768 -------------- Total Industrials $ 26,768 -- MEDIA -- 0.2% Publishing -- 0.2% 14,548(f) Cengage Learning Acquisitions, Inc $ 385,886 -------------- Total Media $ 385,886 -- PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES -- 0.0%+ Biotechnology -- 0.0%+ 2,454(f) Progenics Pharmaceuticals, Inc. $ 17,080 -------------- Total Pharmaceuticals, Biotechnology & Life Sciences $ 17,080 -- The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 35 Schedule of Investments | 11/30/14 (continued) -- Shares Value -- TRANSPORTATION -- 0.2% Air Freight & Logistics -- 0.2% 710(c)(f) CEVA Holdings LLC $ 638,811 -------------- Total Transportation $ 638,811 -- UTILITIES -- 0.0%+ Independent Power Producers & Energy Traders -- 0.0%+ 775 NRG Energy, Inc. $ 24,227 -------------- Total Utilities $ 24,227 -- TOTAL COMMON STOCKS (Cost $1,298,131) $ 1,092,772 -- EXCHANGE-TRADED FUND -- 0.3% of Net Assets DIVERSIFIED FINANCIALS -- 0.3% Other Diversified Financial Services -- 0.3% 42,000 PowerShares Senior Loan Portfolio $ 1,022,700 -------------- Total Diversified Financials $ 1,022,700 -- TOTAL EXCHANGE-TRADED FUND (Cost $1,009,260) $ 1,022,700 --

-- Principal Amount USD ($) Value -- ASSET BACKED SECURITY -- 0.0%+ of Net Assets CONSUMER SERVICES -- 0.0%+ Hotels, Resorts & Cruise Lines -- 0.0%+ 82,648 Westgate Resorts LLC, Series 2012-2A, Class C, 9.0%, 1/20/25 (144A) $ 84,643 -------------- Total Consumer Services $ 84,643 -- TOTAL ASSET BACKED SECURITY (Cost $917,309) $ 84,643 -- TEMPORARY CASH INVESTMENTS -- 1.0% -- of Net Assets Certificate of Deposit -- 0.4% 1,190,000 Bank of Tokyo-Mitsubishi UFJ, Ltd., 0.1%, 12/1/14 $ 1,189,993 -- Commercial Paper -- 0.4% 1,190,000 Prudential Funding LLC, 0.07%, 12/1/14 $ 1,189,994 -- The accompanying notes are an integral part of these financial statements. 36 Pioneer Floating Rate Trust | Annual Report | 11/30/14 -- Principal Amount USD ($) Value -- Repurchase Agreement -- 0.2% 760,000 Bank of Nova Scotia, 0.09%, repurchase price of $760,000 plus accrued interest on 12/1/14 collateralized by $777,105 Freddie Mac Giant, 3.5% - 4.0%, 9/1/42 -- 11/1/44 $ 760,000 -- TOTAL TEMPORARY CASH INVESTMENTS (Cost $3,140,000) $ 3,139,987 -- TOTAL INVESTMENTS IN SECURITIES -- 145.9% (Cost $474,200,147) (g) $ 462,856,724 -- OTHER ASSETS AND LIABILITIES -- (45.9)% $ (145,620,779) -- NET ASSETS APPLICABLE TO COMMON SHAREOWNERS -- 100.0% $ 317,235,945 ==
+ Amount rounds to less than 0.1%. (Cat Bond) Catastrophe bond is a high yield debt instrument that is usually insurance linked and meant to raise money in case of catastrophe. (144A) Security is exempt from registration under

Rule 144A of the Securities Act of 1933. Such securities may be resold normally to qualified institutional buyers in a transaction exempt from registration. At November 30, 2014, the value of these securities amounted to $11,882,883, or 3.7% of total net assets applicable to common shareowners. * Senior secured floating rate loan interests in which the Trust invests generally pay interest at rates that are periodically redetermined by reference to a base lending plus a premium. These base lending rates are generally (i) the lending rate offered by one or more major European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more major United States banks, (iii) the rate of a certificate of deposit or (iv) other base lending rates used by commercial lenders. The interest rate shown is the rate accruing at November 30, 2014. (a) Floating rate note. The rate shown is the coupon rate at November 30, 2014. (b) Security is in default and is non-income producing. (c) Indicates a security that has been deemed illiquid. As of November 30, 2014 the aggregate cost of illiquid securities in the Trust's portfolio was $15,435,826. As of that date, the aggregate value of illiquid securities in the Trust's portfolio of $10,852,979 represented 3.4% of total net assets applicable to common shareowners. The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 37 Schedule of Investments | 11/30/14 (continued) (d) The company and agent bank are in the process of negotiating forbearance. (e) Payment in Kind (PIK) security which may pay interest in the form of additional principal amount. (f) Non-income producing. (g) At November 30, 2014, the net unrealized depreciation on investments based on cost for federal tax purposes of $474,131,772 was as follows: Aggregate gross unrealized appreciation for all investments in which there is an excess of value over tax cost $ 3,848,387 Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value (15,123,435) ------------ Net unrealized depreciation $(11,275,048) ============ For financial reporting purposes net unrealized depreciation on investments was $11,343,423 and cost of investments aggregated $474,200,147. Purchases and sales of securities (excluding temporary cash investments) for the year ended November 30, 2014 aggregated $287,378,030 and $292,424,606, respectively. Principal amounts are denominated in U.S. dollars unless otherwise noted. Various inputs are used in determining the value of the Trust's investments. These inputs are summarized in the three broad levels below. Level 1 -- quoted prices in active markets for identical securities. Level 2 -- other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.). See Notes to Financial Statements -- Note 1A. Level 3 -- significant unobservable inputs (including the Trust's own assumptions in determining fair value of investments). See Notes to Financial Statements -- Note 1A. Generally, equity securities are categorized as Level 1, fixed income securities and senior loans are categorized as Level 2, and securities valued using fair value methods (other than prices supplied by independent pricing services or broker-dealers) as Level 3. See Notes to Financial Statements -- Note 1A. The accompanying notes are an integral part of these financial statements. 38 Pioneer Floating Rate Trust | Annual Report | 11/30/14 The following is a summary of the inputs used as of November 30, 2014, in valuing the Trust's investments. -- Level 1 Level 2 Level 3 Total -- Senior Secured Floating Rate Loan Interests $ -- $438,315,880 $ -- $438,315,880 Collateralized Loan Obligations -- 8,517,172 -- 8,517,172 U.S. Government and Agency Obligations -- 7,215,002 -- 7,215,002 Corporate Bonds & Notes -- 3,468,568 -- 3,468,568 Common Stocks Industrials Diversified Support Services -- 26,768 -- 26,768 Media Publishing -- 385,886 -- 385,886 Transportation Air Freight & Logistics -- 638,811 -- 638,811 All Other Common Stocks 41,307 -- -- 41,307 Asset Backed Security -- 84,643 -- 84,643 Exchange-Traded Fund 1,022,700 -- -- 1,022,700 Certificate of Deposit -- 1,189,993 -- 1,189,993 Commercial Paper -- 1,189,994 -- 1,189,994 Repurchase Agreement -- 760,000 -- 760,000 -- Total Investments in Securities $ 1,064,007 $461,792,717 $ -- $462,856,724 ==

* Securities in this category are valued at $0. The following is a summary of the fair valuation of certain of the Fund's assets and liabilities as of November 30, 2014: --- Level 1 Level 2 Level 3 Total --- Assets: Foreign currencies, at value $ -- $ 75,842 $ -- $ 75,842 Liabilities: Outstanding borrowings -- (155,450,000) -- (155,450,000) --- Total $ -- $(155,374,158) $ -- $(155,374,158) ==

The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 39 Schedule of Investments | 11/30/14 (continued) The following is a reconciliation of assets valued using significant unobservable inputs (Level 3):
--- Change in Balance Realized Unrealized Accrued Transfers Transfers Balance as of gain appreciation discounts/ in to out of as of 11/30/13 (loss)(1) (depreciation)(2) Purchases Sales premiums Level 3* Level 3* 11/30/14

Collateralized Loan Obligations Banks Diversified Banks $2,727,554 $ -- $ -- $ -- $ -- $ -- $ -- $(2,727,554) $ -- Thrifts & Mortgage Finance 5,625,880 -- -- -- -- -- -- (5,625,880) -- Corporate Bonds & Notes Health Care Equipment & Services Health Care Supplies 8,109 (5,520,701) 6,450,905 -- (942,902) 4,589 -- -- --
--- Total $8,361,543 $(5,520,701) $6,450,905 $ -- $(942,902) $ 4,589 $ -- $(8,353,434) $ --
===
* Transfers are calculated on the beginning of period values. For the year ended 11/30/14, there were no transfers between levels 1 and Level 2. For the year ended November 30, 2014, securities with an aggregate market value of $8,353,434 transferred from Level 3 to Level 2 due to the availability of observable inputs used to determine their value. (1) Realized gain (loss) on these securities is included in the realized gain (loss) from investments in the Statement of Operations. (2) Unrealized appreciation (depreciation) on these securities is included in the change in unrealized appreciation (depreciation) from investments in the Statement of Operations. Net change in unrealized appreciation (depreciation) of Level 3 investments at 11/30/14: $--. The accompanying notes are an integral part of these financial statements. 40 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Statement of Assets and Liabilities | 11/30/14 ASSETS: Investments in securities, at value (cost $474,200,147) $ 462,856,724 Cash 21,164,712 Foreign currencies, at value (cost $82,689) 75,842 Receivables -- Investment securities sold 7,376,910 Interest receivable 2,497,049 Dividends receivable 33,525 Prepaid expenses 32
--- Total assets $ 494,004,794
--- LIABILITIES: Payables -- Outstanding borrowings under revolving credit facility $ 155,450,000 Investment securities purchased 20,677,606 Trustees' fees 1,966 Due to affiliates 262,555 Administration fee payable 73,522 Interest expense payable 82,644 Accrued expenses 220,556 --- Total liabilities $ 176,768,849
--- NET ASSETS APPLICABLE TO COMMON SHAREOWNERS: Paid-in capital $ 465,543,677 Undistributed net investment income 404,153 Accumulated net realized loss on investments and foreign currency transactions (137,366,761) Net unrealized depreciation on investments (11,343,423) Net unrealized appreciation on unfunded loan commitments 6,153 Net unrealized depreciation on other assets and liabilities denominated in foreign currencies (7,854)
--- Net assets applicable to common shareowners $ 317,235,945 --- NET ASSET VALUE PER COMMON SHARE: No par value (unlimited number of shares authorized) Based on $317,235,945 / 24,738,174 common shares $ 12.82
=== The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 41 Statement of Operations For the Year Ended 11/30/14 INVESTMENT INCOME: Interest $ 23,687,156 Dividends 90,208 Loan facility and other income 476,784
--- Total investment income $ 24,254,148 --- EXPENSES: Management fees $ 3,355,876 Administrative reimbursements 250,718 Transfer agent fees and expenses 47,152 Shareholder communications expense 11,191 Auction agent fees 6,287 Custodian fees 77,735 Professional fees 183,987 Printing expenses 14,098 Trustees' fees 13,879 Pricing fees 31,951 Loan servicing expenses 145,875 Interest expense 1,589,732 Miscellaneous 74,878
--- Net operating expenses $ 5,803,359
--- Net investment income $ 18,450,789
--- REALIZED AND UNREALIZED

GAIN (LOSS) ON INVESTMENTS, UNFUNDED LOAN COMMITMENTS, AND FOREIGN CURRENCY TRANSACTIONS: Net realized gain (loss) on: Investments $ 6,407,178 Forward foreign currency contracts and other assets and liabilities denominated in foreign currencies (17,798) $ 6,389,380 --- Change in net unrealized appreciation (depreciation) on: Investments $(10,842,956) Unfunded loan commitments 6,153 Forward foreign currency contracts and other assets and liabilities denominated in foreign currencies 204 $(10,836,599) --- Net loss on investments, unfunded loan commitments, and foreign currency transactions $ (4,447,219) --- DISTRIBUTIONS TO PREFERRED SHAREOWNERS FROM NET INVESTMENT INCOME: $ (30,301) --- Net increase in net assets resulting from operations $ 13,973,269 ===

The accompanying notes are an integral part of these financial statements. 42 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Statements of Changes in Net Assets -- Year Ended Year Ended 11/30/14 11/30/13 -- FROM OPERATIONS: Net investment income $ 18,450,789 $ 25,084,923 Net realized gain (loss) on investments and foreign currency transactions 6,389,380 (6,781,808) Change in net unrealized appreciation (depreciation) on investments, unfunded loan commitments, and foreign currency transactions (10,836,599) 7,001,184 Distributions to preferred shareowners from net investment income (30,301) (3,072,469) -- Net increase in net assets resulting from operations $ 13,973,269 $ 22,231,830 -- DISTRIBUTIONS TO COMMON SHAREOWNERS: Net investment income and previously undistributed net investment income ($0.80 and $0.90 per share, respectively) $(19,864,754) $(22,254,278) -- Total distributions to common shareowners $(19,864,754) $(22,254,278) -- FROM TRUST SHARE TRANSACTIONS: Reinvestment of distributions $ -- $ 435,737 -- Net increase in net assets applicable to common shareowners from Trust share transactions $ -- $ 435,737 -- Net increase (decrease) in net assets applicable to common shareowners $ (5,891,485) $ 413,289 NET ASSETS APPLICABLE TO COMMON SHAREOWNERS: Beginning of year 323,127,430 322,714,141 -- End of year $317,235,945 $323,127,430 -- Undistributed net investment income $ 404,153 $ 2,153,800 ==

The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 43 Statement of Cash Flows For the Year Ended 11/30/14 Cash Flows Used in Operating Activities Net increase in net assets resulting from operations (excluding preferred distributions) $ 14,003,570 --- Adjustments to reconcile net Increase in net assets resulting from operations to net cash and foreign currency used in operating activities Purchases of investment securities $(270,866,179) Proceeds from disposition and maturity of investment securities 289,097,155 Net purchases of temporary cash investments (3,140,000) Net accretion and amortization of discount/premium on investment securities (1,132,976) Decrease in interest receivable 118,605 Decrease in dividends receivable 33,526 Decrease in prepaid expenses 7,622 Decrease in affiliated expenses payable (18,765) Increase in trustees' fees payable 1,966 Decrease in administration fees payable (5,833) Increase in accrued expenses payable 876 Increase in interest expense payable 82,644 Decrease in other liabilities (2,616) Change in unrealized depreciation on investments 10,842,956 Change in unrealized appreciation on forward foreign currency contracts and foreign currency (4,715) Change in unrealized appreciation on unfunded loan commitments (6,153) Net realized gain on investments (6,407,178) --- Net cash and foreign currencies used in operating activities $ 32,604,505 -- Cash Flows Used in Financing Activities: Redemption of preferred shares, including unpaid dividends $(182,474,775) Proceeds from borrowings 157,450,000 Payments on borrowings (2,000,000) Distributions to common shareowners (19,864,754) Distributions to preferred shareowners (30,301) -- Net cash and foreign currencies used in financing activities $ (46,919,830) -- Effect of Foreign Exchange Fluctuations on Cash: Effect of foreign exchange fluctuations on cash $ (6,817) -- Cash and Foreign Currency Beginning of the year $ 35,562,696 -- End of the year $ 21,240,554 -- Cash Flow Information Cash paid for interest $ 1,507,088 -- The accompanying notes are an integral part of these financial statements. 44 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Financial Highlights -- Year Year Year Year Year Ended Ended Ended Ended Ended 11/30/14 11/30/13 11/30/12 11/30/11 11/30/10 -- Per Share Operating Performance Net asset value, beginning of year $ 13.06 $ 13.06 $ 12.45 $ 12.52 $ 11.40 -- Increase (decrease) from investment operations: (a) Net investment income $ 0.75 $ 1.01 $ 1.19 $ 1.28 $ 1.17 Net realized and unrealized gain (loss) on investments and foreign currency transactions (0.19) 0.01 0.55 (0.30) 0.94 Distributions to preferred shareowners from: Net investment income (0.00)(b) (0.12) (0.12) (0.11) (0.11) -- Net increase from investment operations $ 0.56 $ 0.90 $ 1.62 $ 0.87 $ 2.00 -- Distributions to common shareowners from: Net investment income and previously undistributed net investment income $ (0.80)* $ (0.90) $ (1.01) $ (0.94) $ (0.88) -- Net increase (decrease) in net asset value $ (0.24) $ -- $ 0.61 $ (0.07) $ 1.12 -- Net asset value, end of year (c) $ 12.82 $ 13.06 $ 13.06 $ 12.45 $ 12.52 -- Market value, end of year (c) $ 11.36 $ 12.41 $ 13.41 $ 12.55 $ 13.16 == Total return at market value (d) (2.32)% (0.84)% 15.66% 2.60% 22.63% Ratios to average net assets of common shareowners: Total expenses plus interest expense (e)(f) 1.80% 1.47% 1.58% 1.67% 1.74% Net investment income before preferred share distributions 5.73% 7.70% 9.24% 9.96% 9.66% Preferred share distributions 0.01% 0.94% 0.90% 0.85% 0.94% Net investment income available to common shareowners 5.72% 6.76% 8.34% 9.11% 8.72% Portfolio turnover 61% 63% 63% 42% 40% Net assets of common shareowners, end of year (in thousands) $ 317,236 $ 323,127 $ 322,714 $ 306,822 $ 307,137 The accompanying notes are an integral part of these financial statements. Pioneer Floating Rate Trust | Annual Report | 11/30/14 45 Financial Highlights (continued) -- Year Year Year Year Year Ended Ended Ended Ended Ended 11/30/14 11/30/13 11/30/12 11/30/11 11/30/10 -- Preferred shares outstanding (in thousands) $ --(h) $182,450 $182,450 $182,450 $182,450 Asset coverage per preferred share, end of year $ --(h) $ 69,280 $ 69,222 $ 67,047 $ 69,090 Average market value per preferred share (g) $ --(h) $ 25,000 $ 25,000 $ 25,000 $ 25,000 Liquidation value, including dividends payable, per preferred share $ --(h) $ 25,003 $ 25,003 $ 25,005 $ 25,005 Total amount of debt outstanding (in thousands) $155,450 $ -- $ -- $ -- $ -- Asset coverage per indebtedness (in thousands) $ 3,041 $ -- $ -- $ -- $ -- ==

* The amount of distributions made to shareowners during the period were in excess of the net investment income

earned by the Trust during the period. The Trust has accumulated undistributed net investment income which is part of the Trust's NAV. A portion of the accumulated net investment income was distributed to shareowners during the period. A decrease in distributions may have a negative effect on the market value of the Trust's shares. (a) The per common share data presented above is based upon the average common shares outstanding for the periods presented. (b) Amount rounds to less than $(0.005) per share. (c) Net asset value and market value are published in Barron's on Saturday, The Wall Street Journal on Monday and The New York Times on Monday and Saturday. (d) Total investment return is calculated assuming a purchase of common shares at the current market value on the first day and a sale at the current market value on the last day of the periods reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment return does not reflect brokerage commissions. Past performance is not a guarantee of future results. (e) Expense ratios do not reflect the effect of distribution payments to preferred shareowners. (f) Includes interest expense of 0.49%, 0.0%, 0.0%, 0.0% and 0.0%, respectively. (g) Market value is redemption value without an active market. (h) Preferred shares were redeemed during the period (see Note 10). The accompanying notes are an integral part of these financial statements. 46 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Notes to Financial Statements | 11/30/14 1. Organization and Significant Accounting Policies Pioneer Floating Rate Trust (the "Trust") was organized as a Delaware statutory trust on October 6, 2004. Prior to commencing operations on December 28, 2004, the Trust had no operations other than matters relating to its organization and registration as a closed-end management investment company under the Investment Company Act of 1940, as amended. The Trust is a diversified fund. The investment objective of the Trust is to provide a high level of current income. The Trust will, as a secondary objective, also seek preservation of capital to the extent consistent with its primary objective of high current income. The Trust's financial statements have been prepared in conformity with U.S. generally accepted accounting principles that require the management of the Trust to, among other things, make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income, expenses and gain or loss on investments during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Trust in the preparation of its financial statements, which are consistent with those policies generally accepted in the investment company industry: A. Security Valuation Security transactions are recorded as of trade date. Senior floating rate loan interests (senior loans) are valued in accordance with guidelines established by the Board of Trustees at the mean between the last available bid and asked prices from one or more brokers or dealers as obtained from Loan Pricing Corporation, an independent pricing service. If price information is not available from Loan Pricing Corporation or if the price information is deemed to be unreliable, price information will be obtained from an alternative loan interest pricing service. If no reliable price quotes are available from either the primary or alternative pricing service broker quotes will be solicited. Fixed-income securities are valued at prices supplied by independent pricing services, which consider such factors as market prices, market events, quotations from one or more brokers, Treasury spreads, yields, maturities and ratings. Valuations may be supplemented by dealers and other sources, as required. Equity securities that have traded on an exchange are valued at the last sale price on the principal exchange where they are traded. Equity securities that have not traded on the date of valuation or securities for Pioneer Floating Rate Trust | Annual Report | 11/30/14 47 which sale prices are not available, generally are valued using the mean between the last bid and asked prices. Shares of money market mutual funds are valued at such funds' net asset value. Trading in foreign securities is substantially completed each day at various times prior to the close of the New York Stock Exchange (NYSE). The values of such securities used in computing the net asset value of the Trust's shares are determined as of such times. Securities and loans interests for which independent pricing services are unable to supply prices or for which market prices and/or quotations are not readily available or are considered to be unreliable are valued by a fair valuation team comprised of certain personnel of Pioneer Investment Management, Inc. (PIM), the Trust's investment adviser, pursuant to procedures adopted by the Trust's Board of Trustees. PIM's fair valuation team uses fair value methods approved by the Valuation Committee of the Board of Trustees. PIM's valuation team is responsible for monitoring developments that may impact fair valued securities and for discussing and assessing fair value on an ongoing basis, and at least quarterly, with the Valuation Committee of the Board of Trustees. Inputs used when applying fair value methods to value a security may include credit ratings, the financial condition of the company, current market conditions and comparable securities. The Trust may use fair value methods if it is determined that a significant event has occurred after the close of the exchange or market on which the security trades and prior to the determination of the Trust's net asset value. Examples of a significant event might include political or economic news, corporate restructurings, natural disasters, terrorist activity or trading halts. Thus, the valuation of the Trust's securities may differ significantly from exchange prices and such differences could be material. At November 30, 2014, there were no securities valued using fair value methods (other than securities valued using prices supplied by independent pricing services or broker-dealers). B. Investment Income and Transactions Dividend income is recorded on the ex-dividend date, except that certain dividends from foreign securities where the ex-dividend date may have passed are recorded as soon as the Trust becomes aware of the ex-dividend data in the exercise of reasonable diligence. Interest income, including interest on income bearing cash accounts, is recorded on an accrual basis, net of unrecoverable foreign taxes withheld at the applicable country rates. 48 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Discounts and premiums on purchase prices of debt securities are accreted or amortized, respectively, daily, into interest income on an effective yield to maturity basis with a corresponding increase or decrease in the cost basis of the security. Premiums and discounts related to certain mortgage-backed securities are amortized or accreted in proportion to the monthly paydowns. Gains and losses on sales of investments are calculated on the identified cost method for both financial reporting and federal income tax purposes. C. Foreign Currency Translation The books and records of the Trust are maintained in U.S. dollars. Amounts denominated in foreign currencies are translated into U.S. dollars using current exchange rates. Net realized gains and losses on foreign currency transactions, if any, represent, among other things, the net realized gains and losses on foreign currency contracts, disposition of foreign currencies and the difference between the amount of income accrued and the U.S. dollars actually received. Further, the effects of changes in foreign currency exchange rates on investments are not segregated in the Statement of Operations from the effects of changes in the market price of those securities but are included with the net realized and unrealized gain or loss on investments. D. Forward Foreign Currency Contracts The Trust may enter into forward foreign currency contracts (contracts) for the purchase or sale of a specific foreign currency at a fixed price on a future date. All contracts are marked to market daily at the applicable exchange rates, and any resulting unrealized appreciation or depreciation are recorded in the Trust's financial statements. The Trust records realized gains and losses at the time a contract is offset by entry into a closing transaction or extinguished by delivery of the currency. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of the contracts and from unanticipated movements in the value of foreign currencies relative to the U.S. dollar (see Note 5). E. Federal Income Taxes It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income and net realized capital gains, if any, to its shareowners. Therefore, no federal income tax provision is required. As of November 30, 2014, the Trust did not accrue any interest or penalties with respect to uncertain tax positions, which if applicable, would be recorded as Pioneer Floating Rate Trust | Annual Report | 11/30/14 49 an income tax expense in the Statement of Operations. Tax returns filed within the prior three years remain subject to examination by federal and state tax authorities. The amount and character of income and capital gain distributions to shareowners are determined in accordance with federal income tax rules, which may differ from U.S. generally accepted accounting principles. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement and tax purposes. Capital accounts within the financial statements are adjusted for permanent book/tax differences to reflect tax character, but are not adjusted for temporary differences. At November 30, 2014, the Fund reclassified $305,381 to decrease undistributed net investment income and $305,381 to decrease accumulated net realized loss on investments and foreign currency transactions to reflect permanent book/tax differences. These adjustments have no impact on the net assets or results of operations. At November 30, 2014, the Trust was permitted to carry forward $435,908 of short term and $16,327,086 of long term capital losses without limitation. Additionally, at November 30, 2014, the Trust had a net capital gain/(loss) carryforward of $120,602,379 of which the following amounts will expire between 2016 and 2019 if not utilized: $27,976,876 in 2016, $62,461,978 in 2017, $11,415,660 in 2018 and $18,747,865 in 2019. Since unlimited losses are required to be used first, loss carryforwards that are subject to expiration may be more likely to expire unused. The tax character of distributions paid to shareowners during the years ended November 30, 2014 and November 30, 2014 were as follows: -- 2014 2013 -- Distributions paid from: Ordinary income $19,895,055 $25,326,747 -- Total $19,895,055 $25,326,747 == The following shows the components of distributable earnings (losses) on a federal income tax basis at November 30, 2014: -- 2014 -- Distributable Earnings: Undistributed ordinary income $ 334,390 Capital loss carryforward (137,365,373) Other book/tax temporary differences 68,375 Unrealized depreciation (11,345,124) -- Total $(148,307,732) == 50 Pioneer Floating Rate Trust | Annual Report | 11/30/14 The difference between book-basis and tax-basis unrealized depreciation is primarily attributable to the tax deferral of losses on wash sales, the realization for tax purposes of unrealized gains on investments in passive foreign investment companies, the book/tax differences in the accrual of income on securities in default, the difference between book and tax amortization methods for premiums and discounts on fixed income securities and other book/tax temporary differences. F. Risks Information regarding the Trust's principal risks is contained in the Trust's original offering prospectus, with additional information included in the Trust's shareowner reports issued from time to time. Please refer to those documents when considering the Trust's principal risks. At times, the Trust's investments may represent industries or industry sectors that are interrelated or have common risks, making the Trust more susceptible to any economic, political, or regulatory developments or other risks affecting those industries and sectors. The Trust invests primarily in senior loans. The Trust may also invest in other floating and variable rate instruments, including second lien loans, investment grade fixed-income debt securities and high yield, high risk corporate bonds. The Trust may also invest in below investment grade securities. Below investment grade securities are commonly referred to as "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. Below investment grade securities, including floating rate loans, involve greater risk of loss, are subject to greater price volatility, and are less liquid and more difficult to value, especially during periods of economic uncertainty or change, than higher rated debt securities. The Trust may invest in securities of issuers that are in default or that are in bankruptcy. The value of collateral, if any, securing a floating rate loan can decline or may decline or may be insufficient to meet the issuer's obligations or may be difficult to liquidate. No active trading market may exist for floating rate loans, and many loans are subject to restrictions on resale. Any secondary market may be subject to irregular trading activity and extended settlement periods. Additionally, the Trust may invest in "event-linked" bonds, which sometimes are referred to as "insurance-linked" or "catastrophe" bonds. The return of principal and the payment of interest on event-linked bonds are contingent on the nonoccurrence of a pre-defined "trigger" event, such as a hurricane or an earthquake of a specific magnitude. In addition to the specified trigger events, event-linked bonds may expose the Trust to other risks, including but not limited to issuer (credit) default, adverse regulatory or jurisdictional interpretations and adverse tax consequences. Pioneer Floating Rate Trust | Annual Report | 11/30/14 51 The Trust's investments in certain foreign markets or countries with limited developing markets may subject the Trust to a greater degree of risk than in a developed market. These risks include disruptive political or economic conditions and the possible imposition of adverse governmental laws or currency exchange restrictions. The Trust is not limited in the percentage of its assets that may be invested in senior loans and other securities deemed to be illiquid. Illiquid securities may be difficult to sell at a fair price at times when the Trust believes it is desirable to do so and their market price is generally more volatile than that of more liquid securities. Illiquid securities are also more difficult to value and investment of the Trust's assets in illiquid securities may restrict the Trust's ability to take advantage of market opportunities. G. Repurchase Agreements With respect to repurchase agreements entered into by the Trust, the value of the underlying securities (collateral), including accrued interest, is required to be equal to or in excess of the repurchase price. The collateral for all repurchase agreements is held in safekeeping in the customer-only account of the Trust's custodian or a sub-custodian of the Trust. PIM is responsible for determining that the value of the collateral remains at least equal to the repurchase price. H. Automatic Dividend Reinvestment Plan All common shareowners whose shares are registered in their own names automatically participate in the Automatic Dividend Reinvestment Plan (the Plan), under which participants receive all dividends and capital gain distributions (collectively, dividends) in full and fractional common shares of the Trust in lieu of cash. Shareowners may elect not to participate in the Plan. Shareowners not participating in the Plan receive all dividends and capital gain distributions in cash. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notifying American Stock Transfer & Trust Company, the agent for shareowners in administering the Plan (the Plan Agent), in writing prior to any dividend record date; otherwise such termination or resumption will be effective with respect to

any subsequently declared dividend or other distribution. If a shareowner's shares are held in the name of a brokerage firm, bank or other nominee, the shareowner can ask the firm or nominee to participate in the Plan on the shareowner's behalf. If the firm or nominee does not offer the Plan, dividends will be paid in cash to the shareowner of record. A firm or nominee may reinvest a shareowner's cash dividends in common shares of the Trust on terms that differ from the terms of the Plan. 52 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Whenever the Trust declares a dividend on common shares payable in cash, participants in the Plan will receive the equivalent in common shares acquired by the Plan Agent either (i) through receipt of additional unissued but authorized common shares from the Trust or (ii) by purchase of outstanding common shares on the New York Stock Exchange or elsewhere. If, on the payment date for any dividend, the net asset value per common share is equal to or less than the market price per share plus estimated brokerage trading fees (market premium), the Plan Agent will invest the dividend amount in newly issued common shares. The number of newly issued common shares to be credited to each account will be determined by dividing the dollar amount of the dividend by the net asset value per common share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance does not exceed 5%. If, on the payment date for any dividend, the net asset value per common share is greater than the market value (market discount), the Plan Agent will invest the dividend amount in common shares acquired in open-market purchases. There are no brokerage charges with respect to newly issued common shares. However, each participant will pay a pro rata share of brokerage trading fees incurred with respect to the Plan Agent's open-market purchases. Participating in the Plan does not relieve shareowners from any federal, state or local taxes which may be due on dividends paid in any taxable year. Shareowners holding Plan shares in a brokerage account may not be able to transfer the shares to another broker and continue to participate in the Plan. 2. Management Agreement PIM, a wholly owned indirect subsidiary of UniCredit S.p.A. (UniCredit), manages the Trust's portfolio. Management fees payable under the Trust's Advisory Agreement with PIM are calculated daily at the annual rate of 0.70% of the Trust's average daily managed assets. "Managed assets" means (a) the total assets of the Trust, including any form of investment leverage, minus (b) all accrued liabilities incurred in the normal course of operations, which shall not include any liabilities or obligations attributable to investment leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities), (ii) the issuance of preferred stock or other similar preference securities, and/or (iii) any other means. For the year ended November 30, 2014, the net management fee was 0.70% of the Trust's average daily managed assets, which was equivalent to 1.04% of the Trust's average daily net assets. Pioneer Floating Rate Trust | Annual Report | 11/30/14 53 In addition, under PIM's management and administration agreements, certain other services and costs are paid by PIM and reimbursed by the Trust. At November 30, 2014, $336,077 was payable to PIM related to management costs, administrative costs and certain other services is included in "Due to affiliates" and "Administration fee payable" on the Statement of Assets and Liabilities. 3. Transfer Agents Pioneer Investment Management Shareholder Services, Inc. (PIMSS), a wholly owned indirect subsidiary of UniCredit, through a sub-transfer agency agreement with American Stock Transfer & Trust Company, provides substantially all transfer agent and shareowner services related to the Trust's common shares at negotiated rates. In addition, the Trust reimburses PIMSS for out-of-pocket expenses incurred by PIMSS related to shareowner communications activities such as proxy and statement mailings and outgoing calls. 4. Expense Offset Arrangement The Trust has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Trust's custodian expenses. For the year ended November 30, 2014, the Trust expenses were not reduced under such arrangement. 5. Forward Foreign Currency Contracts At November 30, 2014, the Trust had entered into various forward foreign currency contracts that obligate the Trust to deliver or take delivery of currencies at specified future maturity dates. Alternatively, prior to the settlement date of a forward foreign currency contract, the Trust may close out such contract by entering into an offsetting contract. The average value of contracts open during the year ended November 30, 2014 was $497,211. There were no outstanding forward foreign currency contracts at November 30, 2014. 6. Unfunded and Bridge Loan Commitments As of November 30, 2014, the Trust had no bridge loan commitments. As of November 30, 2014, the Trust had unfunded loan commitments amounting to $664,767 (excluding unrealized appreciation on the commitments of $6,153 as of November 30, 2014) which could be extended at the option of the borrower, pursuant to the following loan agreements: 54 Pioneer Floating Rate Trust | Annual Report | 11/30/14
-- Unrealized Borrower Par Cost Value Appreciation
-- Bioscrip, Inc., Delayed Term Loan $375,000

$376,875 $376,875 $ -- DTZ U.S. Borrower LLC, Delayed Draw Term Loan $289,767 $285,425 $291,578 $6,153 -- Total $6,153 == 7. Loan Agreement Effective November 26, 2014, the Trust entered into a Revolving Credit Facility (the Credit Agreement) with the Bank of Nova Scotia in the amount of $160,000,000. The Credit Agreement was established in conjunction with the redemption of all of the Trust's auction market preferred shares (see Note 10). Effective November 29, 2014, the Trust extended the maturity of the credit Agreement for a 12 month period. At November 30, 2014, the Trust had a borrowing outstanding under the Credit Agreement totaling $155,450,000. The interest rate charged at November 30, 2014 was 1.01%. During the year ended November 30, 2014, the average daily balance was $156,392,149 at a weighted average interest rate of 1.02%. During the year ended November 30, 2014, the maximum borrowing amount was $157,400,000. With respect to the loan, interest expense of $1,589,732 is included in the Statement of Operations. The Trust is required to maintain 300% asset coverage with respect to amounts outstanding under the Credit Agreement. Asset coverage is calculated by subtracting the Trust's total liabilities, not including any bank loans and senior securities, from the Trust's total assets and dividing such amount by the principal amount of the borrowings outstanding. 8. Trust Shares There are an unlimited number of common shares of beneficial interest authorized. Transactions in common shares of beneficial interest for the year ended November 30, 2014 and the year ended November 30, 2013 were as follows: -- 11/30/14 11/30/13 -- Shares outstanding at beginning of year 24,738,174 24,705,145 Reinvestment of distributions -- 33,029 -- Shares outstanding at end of year 24,738,174 24,738,174 == Pioneer Floating Rate Trust | Annual Report | 11/30/14 55 9. Additional Disclosures about Derivative Instruments and Hedging Activities: The effect of derivative instruments on the Statement of Operations for the year ended November 30, 2014 was as follows: -- Change in Derivatives Not Realized Unrealized Accounted for as Gain or Appreciation or Hedging Instruments (Loss) on (Depreciation) Under Accounting Location of Gain or (Loss) Derivatives on Derivatives Standards Codification on Derivatives Recognized Recognized Recognized (ASC) 815 in Income in Income in Income -- Forward foreign Net realized gain (loss) on currency contracts forward foreign currency contracts $(11,200) Forward foreign Change in net unrealized currency contracts appreciation (depreciation) on forward foreign currency contracts $11,532 10. Redemption of AMPS The Trust redeemed all outstanding Series M7 Auction Market Preferred Shares ("AMPS") on December 3, 2013, all Series W7 AMPS on December 5, 2013 and all TH7 AMPS on December 6, 2013. The Trust redeemed all of its outstanding AMPS at the liquidation preference per share (sometimes referred to as "at part"), together with accrued and unpaid dividends, in any, as of the redemption date, as follows: -- Accrued and Liquidation Unpaid Shares Redemption Preference Dividends Series Outstanding Date Per Share Paid Per Share -- M7 2,434 December 3, 2013 $25,000 $-- W7 2,432 December 5, 2013 $25,000 $-- TH7 2,432 December 6, 2013 $25,000 $-- -- 11. Dividends to Preferred Shareholders Prior to the redemption of the Trust's AMPS (See Note 10), dividends on Series M7, Series W7 and Series TH7 were cumulative at a rate which was to be reset every seven days based on the results of an auction. Since February 2008, the Trust's auctions related to the AMPS failed. Accordingly, the Trust paid the maximum dividend rate for each series, which was the greater of 56 Pioneer Floating Rate Trust | Annual Report | 11/30/14 125% of the one week LIBOR rate or the LIBOR rate plus a spread of 1.25%. There were no dividends payable on AMPS during the period from December 1, 2013 to the redemption of Series M7 AMPS on December 3, 2013, Series W7 AMPS on December 5, 2013 and Series TH7 AMPS on December 6, 2013. 12. Subsequent Event A monthly dividend was declared on December 2, 2014 from undistributed and accumulated net investment income of $0.0550 per common share payable December 18, 2014, to common shareowners of record on December 12, 2014. 13. Change in Independent Registered Public Accounting Firm The Board of Trustees of the Trust, with the approval and recommendation of the Audit Committee, appointed Deloitte & Touche LLP to serve as the Trust's independent registered public accounting firm for the fiscal year ending November 30, 2014. Deloitte & Touche LLP replaces Ernst & Young LLP, which resigned as the Trust's independent registered public accounting firm effective upon completion of the audit of the Trust's financial statements for the fiscal year ended November 30, 2013. During the periods that Ernst & Young LLP served as the Trust's independent registered public accounting firm, including the Trust's fiscal years ending November 30, 2013 and November 30, 2012, Ernst & Young LLP's reports on the financial statements of the Trust have not contained an adverse opinion or disclaimer of opinion and have not been qualified or modified as to uncertainty, audit scope or accounting principles. Further, there have been no disagreements with Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Ernst & Young LLP would have caused Ernst & Young LLP to make reference to the subject matter of the disagreement in connection with its report on the financial statements. In addition, there have been no reportable events of the kind described in Item 304(a)(1)(v) of Regulation S-K under the Securities Exchange Act of 1934. Pioneer Floating Rate Trust | Annual Report | 11/30/14 57 Report of Independent Registered Public Accounting Firm To the Board of Trustees and the Shareowners of Pioneer Floating Rate Trust: -- We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Pioneer Floating Rate Trust (the "Trust"), as of November 30, 2014, and the related statements of operations, changes in net assets and cash flows and the financial highlights for year then ended. 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 audit. The statement of changes in net assets of the Trust for the year ended November 30, 2013, and the financial highlights for the years ended November 30, 2013, 2012, 2011, and 2010 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements and financial highlights in their report dated January 24, 2014. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2014, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers and agent banks, we performed other auditing procedures. We believe that our audit provides 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 Pioneer Floating Rate Trust as of November 30, 2014, and the results of its operations, the changes in its net assets, its cash flows and the financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. /s/ Deloitte & Touche LLP Boston, Massachusetts January 26, 2015 58 Pioneer Floating Rate Trust | Annual Report | 11/30/14 ADDITIONAL INFORMATION During the period, there have been no material changes in the Trust's investment objective or fundamental policies that have not been approved by the shareowners. There have been no changes in the Trust's charter or By-Laws that would delay or prevent a change in control of the Trust which has not been approved by the shareowners. During the period, there have been no changes in the principal risk factors associated with investment in the Trust. There were no changes in the persons who are primarily responsible for the day-to-day management of the Trust's portfolio. Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Trust may purchase, from time to time, its common shares in the open market. Changes to non-fundamental investment policies Investments in floating rate loans. Effective August 1, 2014, the following non-fundamental investment policy has been modified by removing references to "senior" loans from the policy. The revised policy is as follows: Under normal market conditions, the Trust seeks to achieve its investment objectives by investing at least 80% of its assets (net assets plus borrowings for investment purposes) in floating rate loans. Investments in non-U.S. securities. Effective August 1, 2014, the following non-fundamental investment policy has been modified to increase the limit on investments in non-U.S. securities from 10% to 35% of the Trust's assets. The revised policy is as follows:

The Fund may invest up to 35% of its assets (net assets plus borrowings for investment purposes) in floating rate loans and other securities of non-U.S. issuers, including emerging markets securities. Risks of investing in floating rate loans. Floating rate loans typically are rated below investment grade (debt securities rated below investment grade are commonly referred to as "junk bonds"). The fund's investments in floating rate loans may include unsecured or subordinated loans. Floating rate loans and similar investments may be illiquid or less liquid than other investments. No active trading market may exist for many floating rate loans, and many loans are subject to restrictions on resale. Market quotations for these securities may be volatile and/or subject to large spreads between bid and ask prices. Any secondary market may be subject to irregular trading activity and extended trade settlement periods. An economic downturn generally leads to a higher non-payment rate, and a loan may lose significant value before a default occurs. There is less readily available, reliable information about loans than is the case for other types of securities. Although the features of loans, including Pioneer Floating Rate Trust | Annual Report | 11/30/14 59 typically being secured by collateral and having priority over other obligations of the issuer, reduce some of the risks of investment in below investment grade securities, the loans are subject to significant risks. Certain floating rate loans and other corporate debt securities involve refinancings, recapitalizations, mergers and acquisitions, and other financings for general corporate purposes. Other loans are incurred in restructuring or "work-out" scenarios, including debtor-in-possession facilities in bankruptcy. Loans to highly leveraged companies are especially vulnerable to adverse economic or market conditions and the risk of default. Risks of second lien and other subordinated securities. Second lien loans generally are subject to similar risks as those associated with senior (first lien) loans. Because second lien loans are subordinated and thus lower in priority on payment to senior loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second lien loans generally have greater price volatility than senior loans and may be less liquid. Second lien loans and other subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer, any loss incurred by the subordinated securities is likely to be proportionately greater, and any recovery of interest or principal may take more time. As a result, even a perceived decline in creditworthiness of the issuer is likely to have a greater impact on them. Risks of non-U.S. investments. Investing in non-U.S. issuers, or in U.S. issuers that have significant exposure to foreign markets, may involve unique risks compared to investing in securities of U.S. issuers. These risks are more pronounced for issuers in emerging markets or to the extent that the fund invests significantly in one region or country. These risks may include different financial reporting practices and regulatory standards, less liquid trading markets, extreme price volatility, currency risks, changes in economic, political, regulatory and social conditions, sustained economic downturns, financial instability, tax burdens, and investment and repatriation restrictions. Lack of information and less market regulation also may affect the value of these securities. Withholding and other non-U.S. taxes may decrease the fund's return. Non-U.S. issuers may be located in parts of the world that have historically been prone to natural disasters. Investing in depositary receipts is subject to many of the same risks as investing directly in non-U.S. issuers. Depository receipts may involve higher expenses and may trade at a discount (or premium) to the underlying security. 60 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Results of Shareholder Meeting At the annual meeting of shareowners held on September 23, 2014, shareowners of Pioneer Floating Rate Trust were asked to consider the proposals described below. A report of the total votes cast by the Trust's shareholders follows: Proposal 1 -- To elect Class II Trustees. -- Nominee For Withheld -- Benjamin M. Friedman 21,314,216 669,558 Margaret B.W. Graham 21,327,326 656,448 Kenneth J. Taubes 21,456,132 527,642 Pioneer Floating Rate Trust | Annual Report | 11/30/14 61 Approval of Investment Advisory Agreement Pioneer Investment Management, Inc. (PIM) serves as the investment adviser to Pioneer Floating Rate Trust (the Trust) pursuant to an investment advisory agreement between PIM and the Trust. In order for PIM to remain the investment adviser of the Trust, the Trustees of the Trust must determine annually whether to renew the investment advisory agreement for the Trust. The contract review process began in January 2014 as the Trustees of the Trust agreed on, among other things, an overall approach and timeline for the process. Contract review materials were provided to the Trustees in March 2014 and July 2014. Supplemental contract review materials were provided to the Trustees in September 2014. In addition, the Trustees reviewed and discussed the Trust's performance at regularly scheduled meetings throughout the year, and took into account other information related to the Trust provided to the Trustees at regularly scheduled meetings, in connection with the review of the Trust's investment advisory agreement. In March 2014, the Trustees, among other things, discussed the memorandum provided by Trust counsel that summarized the legal standards and other considerations that are relevant to the Trustees in their deliberations regarding the renewal of the investment advisory agreement, and reviewed and discussed the qualifications of the investment management teams, as well as the level of investment by the Trust's portfolio manager in the Trust. In July 2014, the Trustees, among other things, reviewed the Trust's management fee and total expense ratios, the financial statements of PIM and its parent companies, the profitability analyses provided by PIM, and possible economies of scale. The Trustees also reviewed the profitability of the institutional business of PIM and PIM's affiliate, Pioneer Institutional Asset Management, Inc. (together with PIM, "Pioneer"), as compared to that of PIM's fund management business, and considered the differences between the fees and expenses of the Trust and the fees and expenses of Pioneer's institutional accounts, as well as the different services provided by PIM to the Trust and by Pioneer to the institutional accounts. The Trustees further considered contract review materials in September 2014. At a meeting held on September 16, 2014, based on their evaluation of the information provided by PIM and third parties, the Trustees of the Trust, including the Independent Trustees voting separately, unanimously approved the renewal of the investment advisory agreement for another year. In considering the renewal of the investment advisory agreement, the Trustees considered various factors that they determined were relevant, including the factors described below. In all quintile rankings referred to throughout this 62 Pioneer Floating Rate Trust | Annual Report | 11/30/14 disclosure, first quintile is most favorable to the Trust's shareowners. The Trustees did not identify any single factor as the controlling factor in determining to approve the renewal of the agreement. Nature, Extent and Quality of Services The Trustees considered the nature, extent and quality of the services that had been provided by PIM to the Trust, taking into account the investment objective and strategy of the Trust. The Trustees reviewed the terms of the investment advisory agreement. The Trustees also reviewed PIM's investment approach for the Trust and its research process. The Trustees considered the resources of PIM and the personnel of PIM who provide investment management services to the Trust. They also reviewed the amount of non-Trust assets managed by the portfolio manager of the Trust. The Trustees considered the non-investment resources and personnel of PIM involved in PIM's services to the Trust, including PIM's compliance and legal resources and personnel. The Trustees noted the substantial attention and high priority given by PIM's senior management to the Pioneer fund complex. The Trustees considered that PIM supervises and monitors the performance of the Trust's service providers and provides the Trust with personnel (including Trust officers) and other resources that are necessary for the Trust's business management and operations. The Trustees also considered that, as administrator, PIM is responsible for the administration of the Trust's business and other affairs. The Trustees considered the fees paid to PIM for the provision of administration services. Based on these considerations, the Trustees concluded that the nature, extent and quality of services that had been provided by PIM to the Trust were satisfactory and consistent with the terms of the investment advisory agreement. Performance of the Trust In considering the Trust's performance, the Trustees regularly review and discuss analysis and data prepared by PIM and information comparing the Trust's performance with the performance of its peer group of funds as classified by each of Morningstar, Inc. (Morningstar) and Lipper, and with the performance of the Trust's benchmark index. They also discussed the Trust's performance with PIM on a regular basis. The Trustees confirmed that these regular reviews and discussions were factored into the Trustees' deliberations concerning the renewal of the advisory agreement. For purposes of their contract renewal deliberations, the Trustees considered the discussions held throughout the year regarding the Trust's performance and the performance results of the Trust over various time periods, including the Trust's Pioneer Floating Rate Trust | Annual Report | 11/30/14 63 performance results for periods ended June 30, 2014. The Trustee's noted during the course of their review that the Trust had underperformed its benchmark index for certain periods. The Trustees indicated that they were satisfied with PIM's investment discipline and approach in the prevailing market conditions, together with changes made during the period in certain non-fundamental policies, notwithstanding relatively poor peer comparisons of total return at market value over the 1- and 3-year periods. Management Fee and Expenses The Trustees considered information showing the fees and expenses of the Trust in comparison to the management fees and the expense ratios of a peer group of funds selected on the basis of criteria determined by the Independent Trustees for this purpose using data provided by Strategic Insight Mutual Fund Research and Consulting, LLC (Strategic Insight), an independent third party. The Trustees considered that the Trust's management fee (based on managed assets) for the twelve months ended June 30, 2014 was in the first quintile relative to the management fees paid by other funds in its Strategic Insight peer group for the comparable period. The

Trustees considered that the expense ratio (based on managed assets) of the Trust's common shares for the twelve months ended June 30, 2014 was in the first quintile relative its Strategic Insight peer group, in each case for the comparable period. The Trustees reviewed management fees charged by Pioneer to institutional and other clients, including publicly offered European funds sponsored by affiliates of Pioneer, unaffiliated U.S. registered investment companies (in a sub-advisory capacity), and unaffiliated foreign and domestic separate accounts. The Trustees also considered PIM's costs in providing services to the Trust and Pioneer's costs in providing services to the other clients and considered the differences in management fees and profit margins for Trust and non-Trust services. In evaluating the fees associated with Pioneer's client accounts, the Trustees took into account the respective demands, resources and complexity associated with the Trust and client accounts. The Trustees noted that, in some instances, the fee rates for those clients were lower than the management fee for the Trust and considered that, under the investment advisory agreement with the Trust, PIM performs additional services for the Trust that it does not provide to those other clients or services that are broader in scope, including oversight of the Trust's other service providers and activities related to compliance and the extensive regulatory and tax regimes to which the Trust is subject. The Trustees also considered the different entrepreneurial risks associated with PIM's management of the Trust and Pioneer's management of the other client accounts. The Trustees concluded that the management fee payable by the Trust to PIM was reasonable in relation to the nature and quality of the services provided by PIM to the Trust. 64 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Profitability The Trustees considered information provided by PIM regarding the profitability of PIM with respect to the advisory services provided by PIM to the Trust, including the methodology used by PIM in allocating certain of its costs to the management of the Trust. The Trustees also considered PIM's profit margin in connection with the overall operation of the Trust. They further reviewed the financial results realized by PIM and its affiliates from non-fund businesses. The Trustees considered PIM's profit margins with respect to the Trust in comparison to the limited industry data available and noted that the profitability of any adviser was affected by numerous factors, including its organizational structure and method for allocating expenses. The Trustees concluded that PIM's profitability with respect to the management of the Trust was not unreasonable. Economies of Scale The Trustees considered the extent to which PIM may realize economies of scale or other efficiencies in managing and supporting the Trust. Since the Trust is a closed-end fund that has not raised additional capital, the Trustees concluded that economies of scale were not a relevant consideration in the renewal of the investment advisory agreement. Other Benefits The Trustees considered the other benefits to PIM from its relationship with the Trust. The Trustees considered the character and amount of fees paid by the Trust, other than under the investment advisory agreement, for services provided by PIM and its affiliates. The Trustees further considered the revenues and profitability of PIM's businesses other than the fund business. Pioneer is the principal U.S. asset management business of Pioneer Global Asset Management, the worldwide asset management business of UniCredit Group, which manages over $150 billion in assets (including the Funds). Pioneer and the Funds receive reciprocal intangible benefits from the relationship, including mutual brand recognition and, for the Funds, direct and indirect access to the resources of a large global asset manager. The Trustees concluded that any such benefits received by Pioneer as a result of its relationship with the Funds were reasonable and their consideration of the advisory agreement between the Trust and PIM and the fees thereunder were unaffected by Pioneer's possible receipt of any such intangible benefits. Pioneer Floating Rate Trust | Annual Report | 11/30/14 65 Conclusion After consideration of the factors described above as well as other factors, the Trustees, including all of the Independent Trustees, concluded that the investment advisory agreement between PIM and the Trust, including the fees payable thereunder, was fair and reasonable and voted to approve the proposed renewal of the investment advisory agreement for the Trust. 66 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Trustees, Officers and Service Providers Investment Adviser Pioneer Investment Management, Inc. Custodian and Sub-Administrator Brown Brothers Harriman & Co. Independent Registered Public Accounting Firm Deloitte & Touche LLP Principal Underwriter Pioneer Funds Distributor, Inc. Legal Counsel Morgan, Lewis & Bockius LLP Shareowner Services and Transfer Agent Pioneer Investment Management Shareholder Services, Inc. Proxy Voting Policies and Procedures of the Fund are available without charge, upon request, by calling our toll free number (1-800-225-6292). Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is publicly available to shareowners at us.pioneerinvestments.com. This information is also available on the Securities and Exchange Commission's web site at www.sec.gov. Trustees and Officers The Trust's Trustees and officers are listed below, together with their principal occupations during at least the past five years. Trustees who are interested persons of the Trust within the meaning of the 1940 Act are referred to as

Interested Trustees. Trustees who are not interested persons of the Trust are referred to as Independent Trustees. Each of the Trustees serves as a Trustee of each of the 53 U.S. registered investment portfolios for which Pioneer serves as investment adviser (the "Pioneer Funds"). The address for all Trustees and all officers of the Trust is 60 State Street, Boston, Massachusetts 02109. The Statement of Additional Information of the Fund includes additional information about the Trustees and is available, without charge, upon request, by calling 1-800-225-6292. Pioneer Floating Rate Trust | Annual Report | 11/30/14 67 Independent Trustees
-- Name, Age and Term of Office and Other Directorships Position Held With the Trust Length of Service Principal Occupation Held by Trustee
-- Thomas J. Perna (64) Class III Trustee since Private investor (2004-2008 and Director, Broadridge Chairman of the Board 2006. Term expires in 2015. 2013-present); Chairman (2008 - 2013) and Financial Solutions, Inc. and Trustee Chief Executive Officer (2008 - 2012), (investor communications and Quadriserv, Inc. (technology products for securities processing securities lending industry); and Senior provider for financial Executive Vice President, The Bank of New services industry) (2009 - (financial and securities services) (1986 present); Director, - 2004) Quadriserv, Inc. (2005 - 2013); and Commissioner, New Jersey State Civil Service Commission (2011 - present)
-- David R. Bock (70) Class I Trustee since 2005. Managing Partner, Federal City Capital Director of Enterprise Trustee Term expires in 2016. Advisors (corporate advisory services Community Investment, Inc. company) (1997 - 2004 and 2008 - present); (privately-held affordable Interim Chief Executive Officer, Oxford housing finance company) Analytica, Inc. (privately-held research (1985 - 2010); Director of and consulting company) (2010); Executive Oxford Analytica, Inc. (2008 Vice President and Chief Financial - present); Director of The Officer, I-trax, Inc. (publicly traded Swiss Helvetia Fund, Inc. health care services company) (2004 - (closed-end fund) (2010 - 2007); and Executive Vice President and present); and Director of Chief Financial Officer, Pedestal Inc. New York Mortgage Trust (internet-based mortgage trading company) (publicly traded mortgage (2000 - 2002) REIT) (2004 - 2009, 2012 - present) -- Benjamin M. Friedman (70) Class II Trustee since 2008. William Joseph Maier Professor of Trustee, Mellon Trustee Term expires in 2017. Political Economy, Harvard University Institutional Funds (1972 - present) Investment Trust and Mellon Institutional Funds Master Portfolio (oversaw 17 portfolios in fund complex) (1989-2008)
-- 68 Pioneer Floating Rate Trust | Annual Report | 11/30/14
-- Name, Age and Term of Office and Other Directorships Position Held With the Trust Length of Service Principal Occupation Held by Trustee
-- Margaret B.W. Graham (67) Class II Trustee since 2003. Founding Director, Vice President and None Trustee Term expires in 2017. Corporate Secretary, The Winthrop Group, Inc. (consulting firm) (1982 - present); Desautels Faculty of Management, McGill University (1999 - present); and Manager of Research Operations and Organizational Learning, Xerox PARC, Xerox's advance research center (1990-1994)
-- Lisa M. Jones (52)* Class I Trustee since 2014. Chair, Director, CEO and President of None Trustee, President and Term expires in 2016. Pioneer Investment Management USA (since Chief Executive Officer September 2014); Chair, Director, CEO and President of Pioneer Investment Management, Inc. (since September 2014); Chair, Director, CEO and President of Pioneer Funds Distributor, Inc. (since September 2014); Chair, Director, CEO and President of Pioneer Institutional Asset Management, Inc. (since September 2014); and Chair, Director, and CEO of Pioneer Investment Management Shareholder Services, Inc. (since September 2014); Managing Director, Morgan Stanley Investment Management (2010 - 2013); and Director of Institutional Business, CEO of International, Eaton Vance Management (2005 - 2010)
-- Marguerite A. Piret (66) Class III Trustee since 2003. President and Chief Executive Officer, Director of New America High Trustee Term expires in 2015. Newbury, Piret & Company, Inc. (investment Income Fund, Inc.

banking firm) (1981 - present) (closed-end investment company) (2004 - present); and member, Board of Governors, Investment Company Institute (2000 - 2006)

--- Fred J. Ricciardi (67)** Class III Trustee since 2014. Consultant (investment company services) None Trustee Term expires in 2015. (2012 - present); Executive Vice President, BNY Mellon (financial and investment company services) (1969 - 2012); Director, BNY International Financing Corp. (financial services) (2002 - 2012); and Director, Mellon Overseas Investment Corp. (financial services) (2009 - 2012)

--- Pioneer Floating Rate Trust | Annual Report | 11/30/14 69 Interested Trustee

--- Name, Age and Term of Office and Other Directorships Position Held With the Trust Length of Service Principal Occupation Held by Trustee

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Kenneth J. Taubes (56)* Class II Trustee since 2014. Director and Executive Vice President None Trustee Term expires in 2017. (since 2008) and Chief Investment Officer, U.S. (since 2010), of PIM-USA; Executive Vice President of Pioneer (since 2008); Executive Vice President of Pioneer Institutional Asset Management, Inc. (since 2009); Portfolio Manager of Pioneer (since 1999)

--- * Ms. Jones and Mr. Taubes are Interested Trustees because they are officers or directors of the Trust's investment adviser and certain of its affiliates. 70 Pioneer Floating Rate Trust | Annual Report | 11/30/14 Advisory Trustee

--- Name, Age and Term of Office and Other Directorships Position Held With the Trust Length of Service Principal Occupation Held by Trustee

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Lorraine H. Monchak (58)** Advisory Trustee since 2014. Chief Investment Officer, 1199 SEIU None Funds (health care workers union pension Funds) (2001 - present); Vice President - International Investments Group, American International Group, Inc. (insurance company) (1993 - 2001); Vice President, Corporate Finance and Treasury Group, Citibank, N.A. (1980 - 1986 and 1990 - 1993); Vice President - Asset/Liability Management Group, Federal Farm Funding Corp. (government-sponsored Issuer of debt securities) (1988 - 1990); Mortgage Strategies Group, Shearson Lehman Hutton, Inc. (investment bank) (1987 - 1988); and Mortgage Securities Group, Drexel Burnham Lambert, Ltd. (investment bank) (1986 - 1987)

--- ** Mr. Ricciardi became a Trustee and Ms. Monchak became a non-voting Advisory Trustee on November 11, 2014. Pioneer Floating Rate Trust | Annual Report | 11/30/14 71 Trust Officers

--- Name, Age and Term of Office and Other Directorships Position Held With the Trust Length of Service Principal Occupation Held by Trustee

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Christopher J. Kelley (49) Since 2003. Serves at the Vice President and Associate General None Secretary and Chief discretion of the Board. Counsel of Pioneer since January 2008; Legal Officer Secretary and Chief Legal Officer of all of the Pioneer Funds since June 2010; Assistant Secretary of all of the Pioneer Funds from September 2003 to May 2010; and Vice President and Senior Counsel of Pioneer from July 2002 to December 2007

--- Carol B. Hannigan (53) Since 2010. Serves at the Fund Governance Director of Pioneer since None Assistant Secretary discretion of the Board. December 2006 and Assistant Secretary of all the Pioneer Funds since June 2010; Manager - Fund Governance of Pioneer from December 2003 to November 2006; and Senior Paralegal of Pioneer from January 2000 to November 2003

--- Thomas Reyes (52) Since 2010. Serves at the Senior Counsel of Pioneer since May 2013 None Assistant Secretary discretion of the Board. and Assistant Secretary of all the Pioneer Funds since June 2010; Counsel of Pioneer from June 2007 to May 2013

--- Mark E. Bradley (55) Since 2008. Serves at the Vice President - Fund Treasury of None Treasurer and Chief discretion of the Board. Pioneer; Treasurer of all of the Pioneer Financial Funds since March 2008; Deputy Treasurer and Accounting Officer of Pioneer from March 2004 to February of the Trust 2008; and Assistant Treasurer of all of the Pioneer Funds from March 2004 to February 2008 --- Luis I. Presutti (49) Since 2003. Serves at the Director - Fund Treasury of Pioneer; and None Assistant Treasurer discretion of the Board. Assistant Treasurer of all of the Pioneer Funds --- Gary Sullivan (56) Since 2003. Serves at the Fund Accounting Manager - Fund Treasury None Assistant Treasurer discretion of the Board. of Pioneer; and Assistant Treasurer of all of the Pioneer Funds --- David F. Johnson (35) Since 2009. Serves at the Fund Administration Manager - Fund None Assistant Treasurer discretion of the Board. Treasury of Pioneer since November 2008; Assistant Treasurer of all of the Pioneer Funds since January 2009; and Client Service Manager - Institutional Investor Services at State Street Bank from March 2003 to March 2007 --- Jean M. Bradley (62) Since 2010. Serves at the Chief Compliance Officer of Pioneer and None Chief Compliance Officer discretion of the Board. of all the Pioneer Funds since March 2010; Director of Adviser and Portfolio Compliance at Pioneer since October 2005; and Senior Compliance Officer for Columbia Management Advisers, Inc. from October 2003 to October 2005 --- Kelly O'Donnell (43) Since 2006. Serves at the Director - Transfer Agency Compliance of None Anti-Money Laundering discretion of the Board. Pioneer and Anti-Money Laundering Officer Officer of all the Pioneer funds since 2006 --- 72 Pioneer Floating Rate Trust | Annual Report | 11/30/14 This page for your notes. Pioneer Floating Rate Trust | Annual Report | 11/30/14 73 This page for your notes. 74 Pioneer Floating Rate Trust | Annual Report | 11/30/14 This page for your notes. Pioneer Floating Rate Trust | Annual Report | 11/30/14 75 This page for your notes. 76 Pioneer Floating Rate Trust | Annual Report | 11/30/14 How to Contact Pioneer We are pleased to offer a variety of convenient ways for you to contact us for assistance or information. You can call American Stock Transfer & Trust Company (AST) for: -- Account Information 1-800-710-0935 Or write to AST: -- For Write to General inquiries, lost dividend checks, American Stock change of address, lost stock certificates, Transfer & Trust stock transfer Operations Center 6201 15th Ave. Brooklyn, NY 11219 Dividend reinvestment plan (DRIP) American Stock Transfer & Trust Wall Street Station P.O. Box 922 New York, NY 10269-0560 Website www.amstock.com For additional information, please contact your investment advisor or visit our web site us.pioneerinvestments.com. The Trust files a complete schedule of investments with the Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareowners may view the filed Form N-Q by visiting the Commission's web site at www.sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling 1-800-SEC-0330. [LOGO] PIONEER Investments(R) Pioneer Investment Management, Inc. 60 State Street Boston, MA 02109 us.pioneerinvestments.com Securities offered through Pioneer Funds Distributor, Inc. 60 State Street, Boston, MA 02109 Underwriter of Pioneer Mutual Funds, Member SIPC (C) 2015 Pioneer Investments 19447-08-0115 ITEM 2. CODE OF ETHICS. (a) Disclose whether, as of the end of the period covered by the report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party. If the registrant has not adopted such a code of ethics, explain why it has not done so. The registrant has adopted, as of the end of the period covered by this report, a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer and controller. (b) For purposes of this Item, the term "code of ethics" means written standards that are reasonably designed to deter wrongdoing and to promote: (1) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (2) Full, fair, accurate, timely, and understandable disclosure in reports and documents that a registrant files with, or submits to, the Commission and in other public communications made by the registrant; (3) Compliance with applicable governmental laws, rules, and regulations; (4) The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and (5) Accountability for adherence to the code. (c) The registrant must briefly describe the nature of any amendment, during the period covered by the report, to a provision of its code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics definition enumerated in paragraph (b) of this Item. The registrant must file a copy of any such amendment as an exhibit pursuant to Item 10(a), unless the registrant has elected to satisfy paragraph (f) of this Item by posting its code of ethics on its website pursuant to paragraph (f)(2) of this Item, or by undertaking to provide its code of ethics to any person without charge, upon request, pursuant to paragraph (f)(3) of this Item. The registrant has made no amendments to the code of ethics during the period covered by this report. (d) If the registrant has, during the period covered by the report, granted a waiver, including an implicit waiver, from a provision of the code of ethics to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this Item, the registrant must briefly describe the nature of the waiver, the name of the person to whom the waiver was granted, and the date of the waiver. Not applicable. (e) If the registrant intends to satisfy the disclosure requirement under paragraph (c) or (d) of this Item regarding an amendment to, or a waiver from, a provision of its code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and that relates to any element of the code of ethics definition enumerated in paragraph (b) of this Item by posting such information on its Internet website, disclose the registrant's Internet address and such intention. Not applicable. (f) The registrant must: (1) File with the Commission, pursuant to Item 12(a)(1), a copy of its code of ethics that applies to the registrant's principal executive officer,principal financial officer, principal accounting officer or controller, or persons performing similar functions, as an exhibit to its annual report on this Form N-CSR (see attachment); (2) Post the text of such code of ethics on its Internet website and disclose, in its most recent report on this Form N-CSR, its Internet address and the fact that it has posted such code of ethics on its Internet website; or (3) Undertake in its most recent report on this Form N-CSR to provide to any person without charge, upon request, a copy of such code of ethics and explain the manner in which such request may be made. See Item 10(2) ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT. (a) (1) Disclose that the registrant's board of trustees has determined that the registrant either: (i) Has at least one audit committee financial expert serving on its audit committee; or (ii) Does not have an audit committee financial expert serving on its audit committee. The registrant's Board of Trustees has determined that the registrant has at least one audit committee financial expert. (2) If the registrant provides the disclosure required by paragraph (a)(1)(i) of this Item, it must disclose the name of the audit committee financial expert and whether that person is "independent." In order to be considered "independent" for purposes of this Item, a member of an audit committee may not, other than in his or her capacity as a member of the audit committee, the board of trustees, or any other board committee: (i) Accept directly or indirectly any consulting, advisory, or other compensatory fee from the issuer; or (ii) Be an "interested person" of the investment company as defined in Section 2(a)(19) of the Act (15 U.S.C. 80a-2(a)(19)). Ms. Marguerite A. Piret, an independent trustee, is such an audit committee financial expert. (3) If the registrant provides the disclosure required by paragraph (a)(1) (ii) of this Item, it must explain why it does not have an audit committee financial expert. Not applicable. ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES. (a) Disclose, under the caption AUDIT FEES, the aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. Audit Fees The audit services provided to the Trust were totaled approximately $72,213 payable to Deloitte & Touche LLP for the year ended November 30, 2014 and $59,120 were paid to the former auditor, Ernst & Young LLP for the year ended November 30, 2013. (b) Disclose, under the caption AUDIT-RELATED FEES, the aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item. Registrants shall describe the nature of the services comprising the fees disclosed under this category. Audit-Related

Fees and Other Fees There were no audit related fees and other fees for the Trust payable to Deloitte & Touche LLP for the year ended November 30, 2014 and $9,650 were paid to the former auditor, Ernst & Young LLP for the year ended November 30, 2013. (c) Disclose, under the caption TAX FEES, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning. Registrants shall describe the nature of the services comprising the fees disclosed under this category. Tax Fees Fees for tax compliance services, primarily for tax returns, totaled approximately $9,876 payable to Deloitte & Touche LLP for the year ended November 30, 2014 and $8,131 were paid to the former auditor, Ernst & Young LLP for the year ended November 30, 2013. (d) Disclose, under the caption ALL OTHER FEES, the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item. Registrants shall describe the nature of the services comprising the fees disclosed under this category. Audit-Related Fees and Other Fees There were no audit related fees and other fees for the Trust payable to Deloitte & Touche LLP for the year ended November 30, 2014 and $9,650 were paid to the former auditor, Ernst & Young LLP for the year ended November 30, 2013. (e) (1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X. PIONEER FUNDS APPROVAL OF AUDIT, AUDIT-RELATED, TAX AND OTHER SERVICES PROVIDED BY THE INDEPENDENT AUDITOR SECTION I - POLICY PURPOSE AND APPLICABILITY The Pioneer Funds recognize the importance of maintaining the independence of their outside auditors. Maintaining independence is a shared responsibility involving Pioneer Investment Management, Inc ("PIM"), the audit committee and the independent auditors. The Funds recognize that a Fund's independent auditors: 1) possess knowledge of the Funds, 2) are able to incorporate certain services into the scope of the audit, thereby avoiding redundant work, cost and disruption of Fund personnel and processes, and 3) have expertise that has value to the Funds. As a result, there are situations where it is desirable to use the Fund's independent auditors for services in addition to the annual audit and where the potential for conflicts of interests are minimal. Consequently, this policy, which is intended to comply with Rule 210.2-01(C)(7), sets forth guidelines and procedures to be followed by the Funds when retaining the independent audit firm to perform audit, audit-related tax and other services under those circumstances, while also maintaining independence. Approval of a service in accordance with this policy for a Fund shall also constitute approval for any other Fund whose pre-approval is required pursuant to Rule 210.2-01(c)(7)(ii). In addition to the procedures set forth in this policy, any non-audit services that may be provided consistently with Rule 210.2-01 may be approved by the Audit Committee itself and any pre-approval that may be waived in accordance with Rule 210.2-01(c)(7)(i)(C) is hereby waived. Selection of a Fund's independent auditors and their compensation shall be determined by the Audit Committee and shall not be subject to this policy. SECTION II - POLICY --------------- ------------------------------- -- SERVICE SERVICE CATEGORY DESCRIPTION SPECIFIC PRE-APPROVED SERVICE SUBCATEGORIES CATEGORY --------------- ------------------------------- -- I. AUDIT Services that are directly o Accounting research assistance SERVICES related to performing the o SEC consultation, registration independent audit of the Funds statements, and reporting o Tax accrual related matters o Implementation of new accounting standards o Compliance letters (e.g. rating agency letters) o Regulatory reviews and assistance regarding financial matters o Semi-annual reviews (if requested) o Comfort letters for closed end offerings --------------- ------------------------------- -- II. Services which are not o AICPA attest and agreed-upon procedures AUDIT-RELATED prohibited under Rule o Technology control assessments SERVICES 210.2-01(C)(4) (the "Rule") o Financial reporting control assessments and are related extensions of o Enterprise security architecture the audit services support the assessment audit, or use the knowledge/expertise gained from the audit procedures as a foundation to complete the project. In most cases, if the Audit-Related Services are not performed by the Audit firm, the scope of the Audit Services would likely increase. The Services are typically well-defined and governed by accounting professional standards (AICPA, SEC, etc.) --------------- ------------------------------- -- ----------------------------------- ----------------------------------- AUDIT COMMITTEE APPROVAL POLICY AUDIT COMMITTEE REPORTING POLICY ----------------------------------- ----------------------------------- o "One-time" pre-approval o A summary of all such for the audit period for all services and related fees pre-approved specific service reported at each regularly subcategories. Approval of the scheduled Audit Committee independent auditors as meeting. auditors for a Fund shall constitute pre approval for these services. ----------------------------------- ----------------------------------- o "One-time" pre-approval o A summary of all such for the fund fiscal year within services and related fees a specified dollar limit (including comparison to for all pre-approved specified dollar limits) specific service subcategories reported quarterly. o Specific approval is needed to exceed the pre-approved dollar limit for these services (see general Audit Committee approval policy below for details on obtaining specific approvals) o Specific approval is needed to use the Fund's auditors for Audit-Related Services not denoted as "pre-approved", or to add a specific service subcategory as "pre-approved" ----------------------------------- ----------------------------------- SECTION III - POLICY DETAIL, CONTINUED ---------------------- ------------------------- -- SERVICE CATEGORY SERVICE CATEGORY SPECIFIC PRE-APPROVED SERVICE SUBCATEGORIES DESCRIPTION ---------------------- ------------------------- -- III. TAX SERVICES Services which are not o Tax planning and support prohibited by the Rule, o Tax controversy assistance if an officer of the Fund o Tax compliance, tax returns, excise determines that using the tax returns and support Fund's auditor to provide o Tax opinions these services creates significant synergy in the form of efficiency, minimized disruption, or the ability to maintain a desired level of confidentiality. ---------------------- ------------------------- -- ----------------------------------- ------------------------ AUDIT COMMITTEE APPROVAL POLICY AUDIT COMMITTEE REPORTING POLICY ----------------------------------- ------------------------ ----------------------------------- ------------------------ o "One-time" pre-approval o A summary of for the fund fiscal year all such services and within a specified dollar limit related fees (including comparison to specified dollar limits) reported quarterly. o Specific approval is needed to exceed the pre-approved dollar limits for these services (see general Audit Committee approval policy below for details on obtaining specific approvals) o Specific approval is needed to use the Fund's auditors for tax services not denoted as pre-approved, or to add a specific service subcategory as "pre-approved" ----------------------------------- ------------------------ SECTION III - POLICY DETAIL, CONTINUED ---------------------- ------------------------- -- SERVICE CATEGORY SERVICE CATEGORY SPECIFIC PRE-APPROVED SERVICE SUBCATEGORIES DESCRIPTION ---------------------- ------------------------- -- IV. OTHER SERVICES Services which are not o Business Risk Management support prohibited by the Rule, o Other control and regulatory A. SYNERGISTIC, if an officer of the Fund compliance projects UNIQUE QUALIFICATIONS determines that using the Fund's auditor to provide these services creates significant synergy in the form of efficiency, minimized disruption, the ability to maintain a desired level of confidentiality, or where the Fund's auditors posses unique or superior qualifications to provide these services, resulting in superior value and results for the Fund. ---------------------- ------------------------- -- ------------------------------------- ------------------------ AUDIT COMMITTEE APPROVAL POLICY AUDIT COMMITTEE REPORTING POLICY ----------------------------------- ------------------------ o "One-time" pre-approval o A summary of for the fund fiscal year within all such services and a specified dollar limit related fees (including comparison to specified dollar limits) reported quarterly. o Specific approval is needed to exceed the pre-approved dollar limits for these services (see general Audit Committee approval policy below for details on obtaining specific approvals) o Specific approval is needed to use the Fund's auditors for "Synergistic" or "Unique Qualifications" Other Services not denoted as pre-approved to the left, or to add a specific service subcategory as "pre-approved" ----------------------------------- ------------------------ SECTION III - POLICY DETAIL, CONTINUED ---------------------- ------------------------ -- SERVICE CATEGORY SERVICE CATEGORY SPECIFIC PROHIBITED SERVICE SUBCATEGORIES DESCRIPTION ---------------------- ------------------------ -- PROHIBITED SERVICES Services which result 1. Bookkeeping or other services in the auditors losing related to the accounting records or independence status financial statements of the audit under the Rule. client* 2. Financial information systems design and implementation* 3. Appraisal or valuation services, fairness* opinions, or contribution-in-kind reports 4. Actuarial services (i.e., setting actuarial reserves versus actuarial audit work)* 5. Internal audit outsourcing services* 6. Management functions or human resources 7. Broker or dealer, investment advisor, or investment banking services 8. Legal services and expert services unrelated to the audit 9. Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible ---------------------- ----------------------- -- --- ----------------------------- AUDIT COMMITTEE APPROVAL POLICY AUDIT COMMITTEE REPORTING POLICY --- ----------------------------- o These services are not to be o A summary of all performed with the exception of the(*) services and related services that may be permitted fees reported at each if they would not be subject to audit regularly scheduled procedures at the audit client (as Audit Committee meeting defined in rule 2-01(f)(4)) level will serve as continual the firm providing the service. confirmation that has not provided any restricted services. -- ----------------------------- -- GENERAL AUDIT COMMITTEE APPROVAL POLICY: o For all projects, the officers of the Funds and the Fund's auditors will each make an assessment to determine that any proposed projects will not impair independence. o Potential services will be classified into the four non-restricted service categories and the "Approval of Audit, Audit-Related, Tax and Other Services" Policy above will be applied. Any services outside the specific pre-approved service subcategories set forth above must be specifically approved by the Audit Committee. o At least quarterly, the Audit Committee shall review a report summarizing the services by service category, including fees, provided by the Audit firm as set forth in the above policy. -- (2) Disclose the percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. Non-Audit Services Beginning with non-audit service contracts entered into on or after May 6, 2003, the effective date of the new SEC pre-approval rules, the Trust's audit committee is required to pre-approve services to affiliates defined by SEC rules to the extent that the services are determined to have a direct impact on the operations or financial reporting of the Trust. For the years ended November 30, 2014 and 2013, there were no services provided to an affiliate that required the Trust's audit committee pre-approval. (f) If greater than 50 percent, disclose the percentage of hours expended on the principal accountants engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees. N/A (g) Disclose the aggregate non-audit fees billed by the registrants accountant for services rendered to the registrant, and rendered to the registrants investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant. The aggregate non-audit fees for the Trust were $9,876 payable to Deloitte & Touche LLP for the year ended November 30, 2014 and $17,781 were paid to the former auditor, Ernst & Young LLP for the year ended November 30, 2013. (h) Disclose whether the registrants audit committee of the board of trustees has considered whether the provision of non-audit services that were rendered to the registrants investment adviser (not including any subadviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence. The Trust's audit committee of the Board of Fundees has considered whether the provision of non-audit services that were rendered to the Affiliates (as defined) that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence. ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS (a) If the registrant is a listed issuer as defined in Rule 10A-3 under the Exchange Act (17 CFR 240.10A-3), state whether or not the registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act (15 U.S.C. 78c(a)(58)(A)). If the registrant has such a committee, however designated, identify each committee member. If the entire board of directors is acting as the registrant's audit committee as specified in Section 3(a)(58)(B) of the Exchange Act (15 U.S.C. 78c(a)(58)(B)), so state. N/A (b) If applicable, provide the disclosure required by Rule 10A-3(d) under the Exchange Act (17 CFR 240.10A-3(d)) regarding an exemption from the listing standards for audit committees. N/A ITEM 6. SCHEDULE OF INVESTMENTS. File Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period as set forth in 210.1212 of Regulation S-X [17 CFR 210.12-12], unless the schedule is included as part of the report to shareholders filed under Item 1 of this Form. Included in Item 1 ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES. A closed-end management investment company that is filing an annual report on this Form N-CSR must, unless it invests exclusively in non-voting securities, describe the policies and procedures that it uses to determine how to vote proxies relating to portfolio securities, including the procedures that the company uses when a vote presents a conflict between the interests of its shareholders, on the one hand, and those of the company's investment adviser; principal underwriter; or any affiliated person (as defined in Section 2(a)(3) of the Investment

Company Act of 1940 (15 U.S.C. 80a-2(a)(3)) and the rules thereunder) of the company, its investment adviser, or its principal underwriter, on the other. Include any policies and procedures of the company's investment adviser, or any other third party, that the company uses, or that are used on the company's behalf, to determine how to vote proxies relating to portfolio securities. Not applicable to open-end management investment companies. ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES. (a) If the registrant is a closed-end management investment company that is filing an annual report on this Form N-CSR,provide the following information: (1) State the name, title, and length of service of the person or persons employed by or associated with the registrant or an investment adviser of the registrant who are primarily responsible for the day-to-day management of the registrant's portfolio ("Portfolio Manager"). Also state each Portfolio Manager's business experience during the past 5 years. ADDITIONAL INFORMATION ABOUT THE PORTFOLIO MANAGER OTHER ACCOUNTS MANAGED BY THE PORTFOLIO MANAGER The table below indicates, for the portfolio manager of the fund, information about the accounts other than the fund over which the portfolio manager has day-to-day investment responsibility. All information on the number of accounts and total assets in the table is as of November 30, 2014. For purposes of the table, "Other Pooled Investment Vehicles" may include investment partnerships, undertakings for collective investments in transferable securities ("UCITS") and other non-U.S. investment funds and group trusts, and "Other Accounts" may include separate accounts for institutions or individuals, insurance company general or separate accounts, pension funds and other similar institutional accounts but generally do not include the portfolio manager's personal investment accounts or those which the manager may be deemed to own beneficially under the code of ethics. Certain funds and other accounts managed by the portfolio manager may have substantially similar investment strategies. NUMBER OF ASSETS ACCOUNTS MANAGED MANAGED FOR FOR WHICH WHICH ADVISORY ADVISORY NUMBER OF FEE IS FEE IS NAME OF ACCOUNTS TOTAL ASSETS PERFORMANCE- PERFORMANCE- PORTFOLIO MANAGER TYPE OF ACCOUNT MANAGED MANAGED (000'S) BASED BASED (000'S) ------------------ ---------------------------------- ----------- ---------------- --------------- ------------- Jonathan Sharkey Other Registered Investment $3,356,667,635 Companies 4 N/A N/A Other Pooled Investment Vehicles 0 $ 0 N/A N/A Other Accounts 0 $ 0 N/A N/A ------------------ -------------------------------- ----------- ------------ --------------- ------------- POTENTIAL CONFLICTS OF INTEREST When a portfolio manager is responsible for the management of more than one account, the potential arises for the portfolio manager to favor one account over another. The principal types of potential conflicts of interest that may arise are discussed below. For the reasons outlined below, Pioneer does not believe that any material conflicts are likely to arise out of a portfolio manager's responsibility for the management of the fund as well as one or more other accounts. Although Pioneer has adopted procedures that it believes are reasonably designed to detect and prevent violations of the federal securities laws and to mitigate the potential for conflicts of interest to affect its portfolio management decisions, there can be no assurance that all conflicts will be identified or that all procedures will be effective in mitigating the potential for such risks. Generally, the risks of such conflicts of interest are increased to the extent that a portfolio manager has a financial incentive to favor one account over another. Pioneer has structured its compensation arrangements in a manner that is intended to limit such potential for conflicts of interest. See "Compensation of Portfolio Managers" below. o A portfolio manager could favor one account over another in allocating new investment opportunities that have limited supply, such as initial public offerings and private placements. If, for example, an initial public offering that was expected to appreciate in value significantly shortly after the offering was allocated to a single account, that account may be expected to have better investment performance than other accounts that did not receive an allocation of the initial public offering. Generally, investments for which there is limited availability are allocated based upon a range of factors including available cash and consistency with the accounts' investment objectives and policies. This allocation methodology necessarily involves some subjective elements but is intended over time to treat each client in an equitable and fair manner. Generally, the investment opportunity is allocated among participating accounts on a pro rata basis. Although Pioneer believes that its practices are reasonably designed to treat each client in an equitable and fair manner, there may be instances where a fund may not participate, or may participate to a lesser degree than other clients, in the allocation of an investment opportunity. o A portfolio manager could favor one account over another in the order in which trades for the accounts are placed. If a portfolio manager determines to purchase a security for more than one account in an aggregate amount that may influence the market price of the security, accounts that purchased or sold the security first may receive a more favorable price than accounts that made subsequent transactions. The less liquid the market for the security or the greater the percentage that the proposed aggregate purchases or sales represent of average daily trading volume, the greater the potential for accounts that make subsequent purchases or sales to receive a less favorable price. When a portfolio manager intends to trade the same security on the same day for more than one account, the trades typically are "bunched," which means that the trades for the individual accounts are aggregated and each account receives the same price. There are some types of accounts as to which bunching may not be possible for contractual reasons (such as directed brokerage arrangements). Circumstances may also arise where the trader believes that bunching the orders may not result in the best possible price. Where those accounts or circumstances are involved, Pioneer will place the order in a manner intended to result in as favorable a price as possible for such client. o A portfolio manager could favor an account if the portfolio manager's compensation is tied to the performance of that account to a greater degree than other accounts managed by the portfolio manager. If, for example, the portfolio manager receives a bonus based upon the performance of certain accounts relative to a benchmark while other accounts are disregarded for this purpose, the portfolio manager will have a financial incentive to seek to have the accounts that determine the portfolio manager's bonus achieve the best possible performance to the possible detriment of other accounts. Similarly, if Pioneer receives a performance-based advisory fee, the portfolio manager may favor that account, whether or not the performance of that account directly determines the portfolio manager's compensation. o A portfolio manager could favor an account if the portfolio manager has a beneficial interest in the account, in order to benefit a large client or to compensate a client that had poor returns. For example, if the portfolio manager held an interest in an investment partnership that was one of the accounts managed by the portfolio manager, the portfolio manager would have an economic incentive to favor the account in which the portfolio manager held an interest. o If the different accounts have materially and potentially conflicting investment objectives or strategies, a conflict of interest could arise. For example, if a portfolio manager purchases a security for one account and sells the same security for another account, such trading pattern may disadvantage either the account that is long or short. In making portfolio manager assignments, Pioneer seeks to avoid such potentially conflicting situations. However, where a portfolio manager is responsible for accounts with differing investment objectives and policies, it is possible that the portfolio manager will conclude that it is in the best interest of one account to sell a portfolio security while another account continues to hold or increase the holding in such security. COMPENSATION OF PORTFOLIO MANAGER Pioneer has adopted a system of compensation for portfolio managers that seeks to align the financial interests of the portfolio managers with those of shareholders of the accounts (including Pioneer funds) the portfolio managers manage, as well as with the financial performance of Pioneer. The compensation program for all Pioneer portfolio managers includes a base salary (determined by the rank and tenure of the employee) and an annual bonus program, as well as customary benefits that are offered generally to all full-time employees. Base compensation is fixed and normally reevaluated on an annual basis. Pioneer seeks to set base compensation at market rates, taking into account the experience and responsibilities of the portfolio manager. The bonus plan is intended to provide a competitive level of annual bonus compensation that is tied to the portfolio manager achieving superior investment performance and align the interests of the investment professional with those of shareholders, as well as with the financial performance of Pioneer. Any bonus under the plan is completely discretionary, with a maximum annual bonus that may be in excess of base salary. The annual bonus is based upon a combination of the following factors: o QUANTITATIVE INVESTMENT PERFORMANCE. The quantitative investment performance calculation is based on pre-tax investment performance of all of the accounts managed by the portfolio manager (which includes the fund and any other accounts managed by the portfolio manager) over a one-year period (20% weighting) and four-year period (80% weighting), measured for periods ending on December 31. The accounts, which include the fund, are ranked against a group of mutual funds with similar investment objectives and investment focus (60%) and a broad-based securities market index measuring the performance of the same type of securities in which the accounts invest (40%), which, in the case of the fund, is the Bank of America Merrill Lynch High Yield Master II Index. As a result of these two benchmarks, the performance of the portfolio manager for compensation purposes is measured against the criteria that are relevant to the portfolio manager's competitive universe. o QUALITATIVE PERFORMANCE. The qualitative performance component with respect to all of the accounts managed by the portfolio manager includes objectives, such as effectiveness in the areas of teamwork, leadership, communications and marketing, that are mutually established and evaluated by each portfolio manager and management. o PIONEER RESULTS AND BUSINESS LINE RESULTS. Pioneer's financial performance, as well as the investment performance of its investment management group, affect a portfolio manager's actual bonus by a leverage factor of plus or minus (+/-) a predetermined percentage. The quantitative and qualitative performance components comprise 80% and 20%, respectively, of the overall bonus calculation (on a pre-adjustment basis). A portion of the annual bonus is deferred for a specified period and may be invested in one or more Pioneer funds. Certain portfolio managers participate in other programs designed to reward and retain key contributors. Senior executives or other key employees are granted performance units based on the stock price performance of UniCredit and the financial performance of Pioneer Global Asset Management S.p.A., which are affiliates of Pioneer. Portfolio managers also may participate in a deferred compensation program, whereby deferred amounts are invested in one or more Pioneer funds. SHARE OWNERSHIP BY PORTFOLIO MANAGER The following table indicates as of November 30, 2014 the value, within the indicated range, of shares beneficially owned by the portfolio manager of the fund. BENEFICIAL OWNERSHIP NAME OF PORTFOLIO MANAGER OF THE FUND* -------------------------- --------------------- Jonathan Sharkey A -------------------------- --------------------- * Key to Dollar Ranges A. None B. $1 - $10,000 C. $10,001 - $50,000 D. $50,001 - $100,000 E. $100,001 - $500,000 F. $500,001 - $1,000,000 G. Over $1,000,000 ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS. (a) If the registrant is a closed-end management investment company, in the following tabular format, provide the information specified in paragraph (b) of this Item with respect to any purchase made by or on behalf of the registrant or any affiliated purchaser, as defined in Rule 10b-18(a)(3) under the Exchange Act (17 CFR 240.10b-18(a)(3)), of shares or other units of any class of the registrant's equity securities that is registered by the registrant pursuant to Section 12 of the Exchange Act (15 U.S.C. 781). During the period covered by this report, there were no purchases made by or on behalf of the registrant or any affiliated purchaser as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934 (the Exchange Act), of shares of the registrants equity securities that are registered by the registrant pursuant to Section 12 of the Exchange Act. ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. Describe any material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-R(17 CFR 229.407)(as required by Item 22(b)(15)) of Schedule 14A (17 CFR 240.14a-101), or this Item. There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's board of directors since the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-R of Schedule 14(A) in its definitive proxy statement, or this item. ITEM 11. CONTROLS AND PROCEDURES. (a) Disclose the conclusions of the registrant's principal executive and principal financials officers, or persons performing similar functions, regarding the effectiveness of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a-3(c))) as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act (17 CFR 270.30(a)-3(b) and Rules 13a-15(b) or 15d-15(b) under the Exchange Act (17 CFR 240.13a-15(b) or 240.15d-15(b)). The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures are effective based on the evaluation of these controls and procedures as of a date within 90 days of the filing date of this report. (b) Disclose any change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17CFR 270.30a-3(d)) that occured during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting. There were no significant changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting. The registrant's principal executive officer and principal financial officer, however, voluntarily are reporting the following information: In August of 2006 the registrant's investment adviser enhanced its internal procedures for reporting performance information required to be included in prospectuses. Those enhancements involved additional internal controls over the appropriateness of performance data generated for this purpose. Such enhancements were made following an internal review which identified prospectuses relating to certain classes of shares of a limited number of registrants where, inadvertently, performance information not reflecting the deduction of applicable sales charges was included. Those prospectuses were revised, and the revised prospectuses were distributed to shareholders. ITEM 12. EXHIBITS. (a) File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated. (1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit. (2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)) , exactly as set forth below: Filed herewith. SIGNATURES [See General Instruction F] Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. (Registrant) Pioneer Floating Rate Trust By (Signature and Title)* /s/ Lisa M. Jones Lisa M. Jones, President & Chief Executive Officer Date January 29, 2015 Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By (Signature and Title)* /s/ Lisa M. Jones Lisa M. Jones, President & Chief Executive Officer Date January 29, 2015 By (Signature and Title)* /s/ Mark Bradley Mark Bradley, Treasurer & Chief Accounting & Financial Officer Date January 29, 2015 * Print the name and title of each signing officer under his or her signature.