

ING PRIME RATE TRUST

Form N-30B-2

February 03, 2011

Funds

Third Quarter Report

November 30, 2010

ING Prime Rate Trust

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

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ING Prime Rate Trust

THIRD QUARTER REPORT

November 30, 2010

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ING Prime Rate Trust

PORTFOLIO MANAGERS' REPORT

Dear Shareholders:

ING Prime Rate Trust (the "Trust") is a diversified, closed-end management investment company that seeks to provide investors with as high a level of current income as is consistent with the preservation of capital. The Trust seeks to achieve this objective by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in U.S. dollar denominated floating rate secured senior loans.

**PORTFOLIO CHARACTERISTICS
AS OF NOVEMBER 30, 2010**

Net Assets	\$ 862,162,552
Total Assets	\$ 1,167,699,213
Assets Invested in Senior Loans	\$ 1,131,637,287
Senior Loans Represented	336
Average Amount Outstanding per Loan	\$ 3,367,968
Industries Represented	37
Average Loan Amount per Industry	\$ 30,584,792
Portfolio Turnover Rate (YTD)	41%
Weighted Average Days to Interest Rate Reset	37
Average Loan Final Maturity	50 months
Total Leverage as a Percentage of Total Assets (including preferred shares)	22.18%

PERFORMANCE SUMMARY

The Trust declared \$0.08 of dividends during the third fiscal quarter and \$0.24 during the nine months ended November 30, 2010. Based on the average month-end net asset value ("NAV") per share of \$5.78 for the third fiscal quarter and \$5.76 for the nine month period, this resulted in an annualized distribution rate⁽¹⁾ of 5.53% for the third fiscal quarter and 5.57% for the nine month period. The Trust's total net return for the third fiscal quarter, based on NAV, was 4.27% versus a total gross return on the S&P/LSTA Leveraged Loan Index (the "Index")⁽²⁾ of 3.32% for the same quarter. For the nine months ended November 30, 2010, the Trust's total return, based on NAV, was 7.04%, versus 6.29% gross return for the Index. The total market value return (based on full reinvestment of dividends) for the Trust's common shares during the third fiscal quarter was 6.40% and for the nine months ended November 30, 2010 was 1.32%.

MARKET REVIEW

The non-investment grade loan market, with five months of consecutive positive performance through November, continues to benefit from strong technical conditions. Market sentiment, along with average loan prices, continues to be favorably impacted by an ongoing flow of refinancing activity and strongly positive cash inflows, as retail and institutional investors alike, both in the U.S. and globally, appear to be increasingly attracted to floating rate loans for a combination of yield and a hedge against the potential rise

in interest rates. The market has also

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

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

ING Prime Rate Trust

PORTFOLIO MANAGERS' REPORT (continued)

felt the effects of the U.S. Federal Reserve's (the "Fed") "QE2" announcement, which lays out a rough outline for the second round of quantitative easing. While the efficacy of this most recent Fed directive action has been hotly debated, one by-product has been both clear and immediate that of again driving investors to riskier asset classes, including leveraged loans. Reasonably good recent economic data, together with a calming of the most recent flaring of European sovereign debt contagion, has also kept interest in higher yielding investments reasonably strong.

Loan prices have held firm notwithstanding a surge in new issuance activity. As of mid-December, the full-year 2010 estimate of face value of new institutional transactions totals approximately \$159 billion, up dramatically from the 2009's record low of \$39 billion. The majority of these new loans have come with historically wide nominal spreads (for a given credit rating) and other yield enhancements such as LIBOR floors and discounted purchase prices. We continue to monitor the pace of new deal activity, as oversupply could pressure prices for existing loans as investors favor new loans with attractive coupons and favorable structural protections. Thus far, demand has provided a more than sufficient offset, led by retail inflows in excess of \$14.8 billion since the beginning of the year (through December 15, as reported by Lipper FMI).

Default activity continued to ebb during the period. The overall Index default rate (by principal amount, as tracked by S&P/LCD) receded to a cycle low of 2.25% as of November 30, a mere shadow of the recorded high water mark of 10.81% posted just one year before. This sharp improvement stems from a potent combination of strong technical factors, improving fundamentals (issuer and economic) and the fact that many borrowers have already filed bankruptcy, leaving behind a stronger universe of survivors. Key leading default indicators (e.g., upgrade/downgrade ratios, shadow default rate and percentage of performing loans trading below 70% of par) remain generally positive, thereby pointing to a continuing moderation of default activity.

**TOP TEN SENIOR LOAN ISSUERS
AS OF NOVEMBER 30, 2010
AS A PERCENTAGE OF:**

	TOTAL ASSETS	NET ASSETS
CHS/Community Health Systems, Inc.	3.3%	4.5%
Cequel Communications, LLC	2.4%	3.2%
PBL Media	1.8%	2.5%
CSC Holdings, Inc.	1.7%	2.3%
Ford Motor Company	1.6%	2.2%
Texas Competitive Electric Holdings Company, LLC	1.5%	2.1%
Univision Communications, Inc.	1.5%	2.0%
HCA, Inc.	1.4%	1.9%
Charter Communications Operating, LLC	1.3%	1.7%
HdC Mezz 1 Partners, L.P.	1.2%	1.6%

**TOP TEN INDUSTRY SECTORS
AS OF NOVEMBER 30, 2010
AS A PERCENTAGE OF:**

	TOTAL ASSETS	NET ASSETS
Healthcare, Education and Childcare	13.0%	17.7%
North American Cable	8.6%	11.6%
Retail Stores	6.3%	8.5%
Printing & Publishing	6.3%	8.5%
Data and Internet Services	5.8%	7.9%
Chemicals, Plastics & Rubber	4.8%	6.5%
Utilities	4.1%	5.6%
Automobile	4.1%	5.6%
Containers, Packaging & Glass	3.7%	4.9%
Radio and TV Broadcasting	3.3%	4.4%

PORTFOLIO REVIEW

On a total return basis, the Trust benefited from substantial positions in the five leading Index contributors during the period, offset to some degree by generally underweight positions in the Index laggards. Sector positioning was largely unchanged during the quarter and proved essentially neutral to returns as compared to the Index. The use of leverage also continued to work in the Trust's favor during the period, as is typical when loan prices are stable to rising. The Trust

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PORTFOLIO MANAGERS' REPORT (continued)

did not experience any defaults during the most recent fiscal quarter, as compared to four within the Index during the same period.

OUTLOOK

From the current vantage point, we believe the foreseeable future looks reasonably good for loan investors. Barring an external shock (always a caveat these days), we believe that the loan market's technical backdrop should remain quite healthy. Further, most broad economic indicators are now pointing to growth, albeit below the desired, job-inducing rate. Economic expansion, together with the recently enacted tax compromise in Washington (which includes a temporary reduction in payroll taxes in addition to the extension of the Bush-era tax cuts) should provide further stimulus to GDP in 2011. While downside risks still remain alive and well, at least as of this writing, most discussions about a double-dip recession in the coming year have been tabled, instead replaced with fears of inflation in the medium term. In such an environment, the loan market offers good value with a combination of yield and a natural hedge against the eventual uplift in interest rates.

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

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

ING Prime Rate Trust
December 17, 2010

**Ratings Distribution
as of November 30, 2010**

Baa	4.71%
Ba	45.04%
B	38.31%
Caa and below	2.75%
Not rated*	9.19%

Ratings distribution shows the percentage of the Trust's loan commitments (excluding cash and foreign cash) that are rated in each ratings category, based upon the categories provided by Moody's Investors Service, Inc. Ratings distribution is based on Moody's senior secured facility ratings. Loans rated below Baa by Moody's are considered to be below investment grade. Ratings can change from time to time, and current ratings may not fully reflect the actual credit condition or risks posed by a loan.

* Not rated includes loans to non-U.S. borrowers (which are typically unrated) and loans for which the rating has been withdrawn.

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PORTFOLIO MANAGERS' REPORT (continued)

	Average Annual Total Returns for the Years Ended November 30, 2010			
	1 Year	3 Years	5 Years	10 Years
Based on Net Asset Value (NAV)	14.11%	1.66%	2.89%	4.04%
Based on Market Value	18.72%	3.19%	5.15%	4.67%
S&P/LSTA Leveraged Loan Index	11.98%	5.46%	5.07%	5.15%
Credit-Suisse Leveraged Loan Index	11.44%	3.96%	4.25%	4.72%

The table above illustrates the total return of the Trust against the Indices indicated. An index has no cash in its portfolio, imposes no sales charges and incurs no operating expenses. An investor cannot invest directly in an index.

Total returns based on NAV reflect that ING Investments, LLC (the Trust's "Investment Adviser") may have waived or recouped fees and expenses otherwise payable by the Trust.

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

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

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

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

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

INDEX DESCRIPTIONS

The **S&P/LSTA Leveraged Loan Index** is an unmanaged total return index that captures accrued interest, repayments, and market value changes. It represents a broad cross section of leveraged loans syndicated in the United States, including dollar-denominated loans to overseas issuers. Standard & Poor's and the

Loan Syndications & Trading Association ("LSTA") conceived the Index to establish a performance benchmark for the syndicated leveraged loan industry. An investor cannot invest directly in an index.

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

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PORTFOLIO MANAGERS' REPORT (continued)

	YIELDS AND DISTRIBUTION RATES				
	Prime Rate	NAV 30-day SEC Yield ^(A)	Mkt. 30-Day SEC Yield ^(A)	Annualized Dist. Rate @ NAV ^(B)	Annualized Dist. Rate @ Mkt. ^(B)
November 30, 2010	3.25%	5.01%	5.10%	5.32%	5.41%
August 31, 2010	3.25%	4.89%	5.08%	5.78%	6.00%
May 31, 2010	3.25%	4.91%	5.19%	5.47%	5.78%
February 28, 2010	3.25%	4.20%	4.04%	5.24%	5.05%

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

^(B) The distribution rate is calculated by annualizing the last monthly dividend of each quarter and dividing the resulting annualized dividend amount by the Trust's net asset value (in the case of NAV) or the NYSE Composite closing price (in case of Market) at quarter-end.

Risk is inherent in all investing. The following are the principal risks associated with investing in the Trust. This is not, and is not intended to be, a description of all risks of investing in the Trust. A more detailed description of the risks of investing in the Trust is contained in the Trust's current prospectus.

Credit Risk: The Trust invests a substantial portion of its assets in below investment grade senior loans and other below investment grade assets. Below investment grade loans involve a greater risk that borrowers may not make timely payment of the interest and principal due on their loans. They also involve a greater risk that the value of such loans could decline significantly. If borrowers do not make timely payments of the interest due on their loans, the yield on the Trust's common shares will decrease. If borrowers do not make timely payment of the principal due on their loans, or if the value of such loans decreases, the value of the Trust's NAV will decrease.

Interest Rate Risk: Changes in short-term market interest rates will directly affect the yield on the Trust's common shares. If short-term market interest rates fall, the yield on the Trust's common shares will also fall. To the extent that the interest rate spreads on loans in the Trust experience a general decline, the yield on the Trust will fall and the value of the Trust's assets may decrease, which will cause the Trust's value to decrease. Conversely, when short-term market interest rates rise, because of the lag between changes in such short-term rates and the resetting of the floating rates on assets in the Trust's portfolio, the impact of rising rates will be delayed to the extent of such lag.

Leverage Risk: The Trust borrows money for investment purposes. Borrowing increases both investment opportunity and investment risk. In the event of a general market decline in the value of assets such as those in which the Trust invests, the effect of that decline will be magnified in the Trust because of the additional assets purchased with the proceeds of the borrowings. The Trust also faces the risk that it might have to sell assets at relatively less advantageous times if it were forced to de-leverage if a source of leverage becomes unavailable.

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STATEMENT OF ASSETS AND LIABILITIES as of November 30, 2010 (Unaudited)

ASSETS:

Investments in securities at value (Cost \$1,193,219,620)	\$ 1,150,446,612
Foreign currencies at value (Cost \$2,362,125)	2,362,111
Receivables:	
Investment securities sold	5,604,575
Interest	5,577,466
Other	24,579
Unrealized appreciation on forward foreign currency contracts	3,683,784
Prepaid expenses	86
Total assets	1,167,699,213

LIABILITIES:

Notes payable	134,000,000
Payable for investment securities purchased	44,127,961
Accrued interest payable	7,143
Deferred arrangement fees on senior loans	89,958
Dividends payable preferred shares	4,874
Payable to affiliates	970,461
Payable to custodian	97,044
Accrued trustees fees	8,952
Unrealized depreciation on unfunded commitments	802,681
Other accrued expenses	427,587
Total liabilities	180,536,661
Preferred shares, \$25,000 stated value per share at liquidation value (5,000 shares outstanding)	125,000,000
NET ASSETS	\$ 862,162,552

Net assets value per common share outstanding (net assets divided by 146,953,833 shares of beneficial interest authorized and outstanding, no par value)

\$ 5.87

NET ASSETS WERE COMPRISED OF:

Paid-in capital	\$ 1,274,477,658
Undistributed net investment income	1,684,406
Accumulated net realized loss	(374,207,100)
Net unrealized depreciation	(39,792,412)
NET ASSETS	\$ 862,162,552

See Accompanying Notes to Financial Statements

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STATEMENT OF OPERATIONS for the Nine Months Ended November 30, 2010 (Unaudited)

INVESTMENT INCOME:	
Interest	\$ 40,833,987
Amendment fees earned	501,437
Other	1,384,973
Total investment income	42,720,397
EXPENSES:	
Investment management fees	6,737,659
Administration fees	2,105,518
Transfer agent fees	55,697
Interest expense	2,047,541
Custody and accounting expense	413,410
Professional fees	209,744
Preferred shares dividend disbursing agent fees	260,228
Postage expense	159,444
Trustees fees	14,316
Miscellaneous expense	239,874
Total expenses	12,243,431
Net investment income	30,476,966
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) on:	
Investments	(5,420,420)
Forward foreign currency contracts	650,248
Foreign currency related transactions	(1,637,194)
Net realized loss	(6,407,366)
Net change in unrealized appreciation or depreciation on:	
Investments	29,335,884
Forward foreign currency contracts	2,301,314
Foreign currency related transactions	147,787
Unfunded commitments	685,898
Net change in unrealized appreciation or depreciation	32,470,883
Net realized and unrealized gain	26,063,517
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:	
From net investment income	(346,706)
Increase in net assets resulting from operations	\$ 56,193,777

See Accompanying Notes to Financial Statements

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STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	Nine Months Ended November 30, 2010	Year Ended February 28, 2010
FROM OPERATIONS:		
Net investment income	\$ 30,476,966	\$ 40,578,441
Net realized loss	(6,407,366)	(79,461,767)
Net change in unrealized appreciation or depreciation	32,470,883	362,783,607
Distributions to preferred shareholders from net investment income	(346,706)	(534,821)
Increase in net assets resulting from operations	56,193,777	323,365,460
FROM DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
From net investment income	(35,224,428)	(45,727,025)
Decrease in net assets from distributions to common shareholders	(35,224,428)	(45,727,025)
CAPITAL SHARE TRANSACTIONS:		
Reinvestment of distributions from common shares	392,395	193,985
Proceeds from shares sold	10,016,035	112,650
Net increase from capital share transactions	10,408,430	306,635
Net increase in net assets	31,377,779	277,945,070
NET ASSETS:		
Beginning of period	830,784,773	552,839,703
End of period (including undistributed net investment income of \$1,684,407 and \$6,778,574 respectively)	\$ 862,162,552	\$ 830,784,773

See Accompanying Notes to Financial Statements

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STATEMENT OF CASH FLOWS for the Nine Months Ended November 30, 2010 (Unaudited)

INCREASE (DECREASE) IN CASH**Cash Flows From Operating Activities:**

Interest received	\$ 32,015,617
Dividends paid to preferred shareholders	(347,080)
Arrangement fee paid	(151,660)
Other income received	2,037,671
Interest paid	(2,040,398)
Other operating expenses paid	(10,395,324)
Purchases of securities	(452,429,747)
Proceeds on sale of securities	478,267,854
Net cash provided by operating activities	\$ 46,956,933

Cash Flows From Financing Activities:

Dividends paid to common shareholders	\$ (34,832,033)
Redemption of preferred shares	(75,000,000)
Proceeds from shares sold	10,016,035
Net increase of notes payable	51,000,000
Net cash flows used in financing activities	(48,815,998)
Net decrease	(1,859,065)
Cash at beginning of period	1,859,065
Cash at end of period	\$

Reconciliation of Net Increase in Net Assets Resulting from Operations To Net Cash Provided by Operating Activities:

Net increase in net assets resulting from operations	\$ 56,193,777
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Change in unrealized appreciation or depreciation on investments	(29,335,884)
Change in unrealized appreciation or depreciation on forward foreign currency contracts	(2,301,314)
Change in unrealized appreciation or depreciation on unfunded commitments	(685,898)
Change in unrealized appreciation or depreciation on other assets and liabilities	(147,787)
Accretion of discounts on investments	(7,889,754)
Amortization of premiums on investments	182,339
Net realized loss on sale of investments and foreign currency related transactions	6,407,366
Purchases of securities	(452,429,747)
Proceeds on sale of securities	478,267,854
Decrease in other assets	3,452
Increase in interest receivable	(1,110,955)
Decrease in prepaid expenses	8,863

Decrease in deferred arrangement fees on senior loans	(151,660)
Increase in accrued interest payable	7,143
Decrease in dividends payable preferred shares	(374)
Increase in payable to affiliates	74,037
Decrease in accrued trustees fees	(8,676)
Decrease in other accrued expenses	(125,849)
Total adjustments	(9,236,844)
Net cash provided by operating activities	\$ 46,956,933
Non Cash Financing Activities	
Reinvestment of dividends	\$ 392,395

See Accompanying Notes to Financial Statements

FINANCIAL HIGHLIGHTS (UNAUDITED)

Selected data for a share of beneficial interest outstanding throughout each year or period.

Year or period ended	Per Share Operating Performance									
	Net asset value, beginning of year or period	Net investment income (loss)	Net realized and unrealized gain (loss)	Distribution to Preferred Shareholders	Change in net asset value from offerings	Total investment operations	Distribution to Common Shareholders from net investment income	Total distributions	Net asset value, end of year or period	Closing market price, end of year or period
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
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11-30-10	5.72	0.21	0.18	(0.00)*		0.39	(0.24)	(0.24)	5.87	5.77
02-28-10	3.81	0.28	1.95	(0.00)*		2.23	(0.32)	(0.32)	5.72	5.94
02-28-09	6.11	0.46	(2.29)	(0.06)		(1.89)	(0.41)	(0.47)	3.81	3.50
02-29-08	7.65	0.75	(1.57)	(0.16)		(0.98)	(0.56)	(0.72)	6.11	5.64
02-28-07	7.59	0.71	0.06	(0.16)		0.61	(0.55)	(0.71)	7.65	7.40
02-28-06	7.47	0.57	0.12	(0.11)		0.58	(0.46)	(0.57)	7.59	7.02
02-28-05	7.34	0.45	0.16	(0.05)		0.56	(0.43)	(0.48)	7.47	7.56
02-29-04	6.73	0.46	0.61	(0.04)		1.03	(0.42)	(0.46)	7.34	7.84
02-28-03	7.20	0.50	(0.47)	(0.05)		(0.02)	(0.45)	(0.50)	6.73	6.46
02-28-02	8.09	0.74	(0.89)	(0.11)		(0.26)	(0.63)	(0.74)	7.20	6.77
02-28-01	8.95	0.88	(0.78)	(0.06)	(0.04)		(0.86)	(0.92)	8.09	8.12

Year or period ended	Total Investment Return ⁽¹⁾		Ratios to average net assets				Supplemental data	
	Total Investment Return at net asset value ⁽²⁾	Total Investment Return at closing market price ⁽³⁾	Expenses (before interest and other fees related to revolving credit facility) ⁽⁴⁾	Expenses prior to fee waivers and/or recoupments if any ⁽⁴⁾	Expenses, net of fee waivers and/or recoupments if any ⁽⁴⁾	Net investment income (loss) ⁽⁴⁾	Net assets, end of year or period	Portfolio Turnover
	(%)	(%)	(%)	(%)	(%)	(%)	(\$000's)	(%)
ING Prime Rate Trust								
11-30-10	7.04	1.32	1.61	1.92	1.92	4.79	862,163	41
02-28-10	60.70	81.66	1.77 ⁽⁶⁾	1.99 ⁽⁶⁾	1.93	5.56	830,785	38
02-28-09	(31.93) ⁽⁵⁾	(32.03) ⁽⁵⁾	1.95	3.01	3.01	7.86	552,840	10
02-29-08	(13.28)	(17.25)	2.20	4.36	4.36	10.35	886,976	60

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02-28-07	8.85	13.84	2.21	4.62	4.62	9.42	1,109,539	60
02-28-06	8.53	(0.82)	2.33	4.27	4.27	7.71	1,100,671	81
02-28-05	7.70	2.04	2.29	3.18	3.17	6.04	1,082,748	93
02-29-04	15.72	28.77	2.11	2.40	2.40	6.68	1,010,325	87
02-28-03	0.44	2.53	2.19	2.68	2.68	7.33	922,383	48
02-28-02	(3.02)	(9.20)	2.25	3.64	3.64	9.79	985,982	53
02-28-01								
	0.19	9.10	1.81	4.45	4.45	10.39	1,107,432	46

(1) Total investment return calculations are attributable to common shares.

(2) Total investment return at net asset value has been calculated assuming a purchase at net asset value at the beginning of each period and a sale at net asset value at the end of each period and assumes reinvestment of dividends and capital gain distributions, if any, in accordance with the provisions of the dividend reinvestment plan. Total investment return at net asset value is not annualized for periods less than one year.

(3) Total investment return at market value has been calculated assuming a purchase at market value at the beginning of each period and a sale at market value at the end of each period and assumes reinvestment of dividends and capital gain distributions, if any, in accordance with the provisions of the dividend reinvestment plan. Total investment return at market value is not annualized for periods less than one year.

(4) Annualized for periods less than one year.

(5) There was no impact on total return due to payments by affiliates.

(6) Includes excise tax fully reimbursed by the Investment Adviser.

* Amount is more than \$(0.005).

See Accompanying Notes to Financial Statements

FINANCIAL HIGHLIGHTS (UNAUDITED) (CONTINUED)

Selected data for a share of beneficial interest outstanding throughout each year or period.

Year or period ended	Ratios to average net assets including Preferred Shares ^(a)				Ratios to average net assets plus borrowings			
	Expenses (before interest and other fees related to revolving credit facility) ⁽⁴⁾	Expenses, prior to fee waivers and/or recoupments, if any ⁽⁴⁾	Expenses, net of fee waivers and/or recoupments, if any ⁽⁴⁾	Net investment income (loss) ⁽⁴⁾	Expenses (before interest and other fees related to revolving credit facility) ⁽⁴⁾	Expenses, prior to fee waivers and/or recoupments, if any ⁽⁴⁾	Expenses, net of fee waivers and/or recoupments, if any ⁽⁴⁾	Net investment income (loss) ⁽⁴⁾
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
ING Prime Rate Trust								
11-30-10	1.34	1.62	1.62	4.02	1.42	1.70	1.70	4.23
02-28-10	1.36 ⁽⁶⁾	1.52 ⁽⁶⁾	1.48	4.26	1.67 ⁽⁶⁾	1.87 ⁽⁶⁾	1.81	5.23
02-28-09	1.54	2.38	2.38	6.22	1.54	2.37	2.37	6.21
02-29-08	1.54	3.05	3.05	7.23	1.60	3.17	3.17	7.53
02-28-07	1.57	3.27	3.27	6.68	1.56	3.25	3.25	6.63
02-28-06	1.64	3.02	3.02	5.44	1.58	2.90	2.90	5.24
02-28-05	1.60	2.22	2.21	4.21	1.63	2.27	2.26	4.32
02-29-04	1.45	1.65	1.65	4.57	1.84	2.09	2.09	5.82
02-28-03	1.49	1.81	1.81	4.97	1.82	2.23	2.23	6.10
02-28-02	1.57	2.54	2.54	6.83	1.66	2.70	2.70	7.24
02-28-01	1.62	3.97	3.97	9.28	1.31	3.21	3.21	7.50

Year or period ended	Supplemental data						
	Preferred Shares Aggregate amount outstanding	Liquidation and market value per share of Preferred Shares	Asset coverage inclusive of Preferred Shares and debt per share ^(b)	Borrowings at end of period	Asset coverage per \$1,000 of debt ^(b)	Average borrowings	Common shares outstanding at end of year or period
	(\$000's)	(\$)	(\$)	(\$000's)	(\$)	(\$000's)	(000's)
ING Prime Rate Trust							
11-30-10	125,000	25,000	108,225	134,000	8,367	110,545	146,954
02-28-10	200,000	25,000	98,400	83,000	13,419	46,416	145,210
02-28-09	225,000	25,000	70,175	81,000	10,603	227,891	145,178
02-29-08	450,000	25,000	53,125	338,000	4,956	391,475	145,094
02-28-07	450,000	25,000	62,925	281,000	6,550	459,982	145,033

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02-28-06	450,000	25,000	55,050	465,000	4,335	509,178	145,033
02-28-05	450,000	25,000	53,600	496,000	4,090	414,889	145,033
02-29-04	450,000	25,000	62,425	225,000	7,490	143,194	137,638
02-28-03	450,000	25,000	62,375	167,000	9,218	190,671	136,973
02-28-02	450,000	25,000	58,675	282,000	6,092	365,126	136,973
02-28-01							
	450,000	25,000	53,825	510,000	4,054	450,197	136,847

(a) Ratios do not reflect the effect of dividend payments to Preferred Shareholders; income ratios reflect income earned on assets attributable to Preferred Shareholders; ratios do not reflect any add-back for the borrowings.

(b) Asset coverage ratios, for periods prior to fiscal 2009, represented the coverage available for both the borrowings and preferred shares expressed in relation to each \$1,000 of borrowings and preferred shares liquidation value outstanding. The Asset coverage ratio per \$1,000 of debt for periods subsequent to fiscal 2008, is presented to represent the coverage available to each \$1,000 of borrowings before consideration of any preferred shares liquidation price, while the Asset coverage inclusive of Preferred Shares, presents the coverage available to both borrowings and preferred shares, expressed in relation to the per share liquidation price of the preferred shares.

See Accompanying Notes to Financial Statements

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited)

NOTE 1 ORGANIZATION

ING Prime Rate Trust (the "Trust"), a Massachusetts business trust, is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified, closed-end, management investment company. The Trust invests primarily in senior loans, which generally are not registered under the Securities Act of 1933, as amended (the "1933 Act"), and which contain certain restrictions on resale and cannot be sold publicly. These loans bear interest (unless otherwise noted) at rates that float periodically at a margin above the London Inter-Bank Offered Rate ("LIBOR") and other short-term rates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

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

The Trust has engaged independent pricing services to provide market value quotations from dealers in loans and, when such quotations are not readily available, to calculate values under the proxy procedure described above. As of November 30, 2010, 98.5% of total loans were valued based on these procedures. It is expected that most of the loans held by the Trust will continue to be valued with reference to quotations from the independent pricing service or with reference to the proxy procedure described above.

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

In fair valuing a loan, consideration is given to several factors, which may include, among others, the following: (i) the characteristics of and fundamental analytical data relating to the loan, including the cost, size, current interest rate, period until the next interest rate reset, maturity and base lending rate of the loan, the terms and conditions of the loan and any related agreements, and the position of the loan in the

borrower's debt structure; (ii) the nature, adequacy and value of the collateral, including the Trust's rights, remedies and interests with respect to the collateral; (iii) the creditworthiness of the borrower and the cash flow coverage of outstanding principal and interest, based on an evaluation of its financial condition, financial statements and information about the borrower's business, cash flows, capital structure and

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fair value is defined as the price that the Trust would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Each investment asset or liability of the Trust is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Quoted prices in active markets for identical securities are classified as "Level 1", inputs other than quoted prices for an asset or liability that are observable are classified as "Level 2" and unobservable inputs, including the sub-adviser's judgment about the assumptions that a market participant would use in pricing an asset or liability are classified as "Level 3". The inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Short-term securities of sufficient credit quality which are valued at amortized cost, which approximates fair value, are generally considered to be Level 2 securities under applicable accounting rules. A table summarizing the Trust's investments under these levels of classification is included following the Portfolio of Investments.

For the period ended November 30, 2010, there have been no significant changes to the fair valuation methodologies.

B. Security Transactions and Revenue Recognition. Revolver and delayed draw loans are booked on a settlement date basis. Security transactions and senior loans are accounted for on trade date (date the order to buy or sell is executed). Realized gains or losses are reported on the basis of identified cost of securities sold. Dividend income is recognized on the ex-dividend date. Interest income is recorded on an accrual basis at the then-current interest rate of the loan. The accrual of interest on loans is partially or fully discontinued when, in the opinion of management, there is an indication that the borrower may be unable to meet payments as they become due. If determined to be uncollectable, accrued interest is also written off. Cash collections on non-accrual senior loans are generally applied as a reduction to the recorded investment of the loan. Senior loans are generally returned to accrual status only after all past due amounts have been received and the borrower has demonstrated sustained performance. For all loans, except revolving credit facilities, fees received are treated as discounts and are accreted whereas premiums are amortized. Fees associated with revolving credit facilities are deferred and recognized over the shorter of four years or the actual term of the loan.

C. *Foreign Currency Translation.* The books and records of the Trust are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

(1) Market value of investment securities, other assets and liabilities at the exchange rates prevailing at the end of the day.

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(2) Purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

Although the net assets and the market values are presented at the foreign exchange rates at the end of the day, the Trust does not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses from investments. For securities, which are subject to foreign withholding tax upon disposition, liabilities are recorded on the Statement of Assets and Liabilities for the estimated tax withholding based on the securities current market value. Upon disposition, realized gains or losses on such securities are recorded net of foreign withholding tax.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Trust's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at fiscal year end, resulting from changes in the exchange rate. Foreign security and currency transactions may involve certain considerations and risks not typically associated with investing in U.S. companies and the U.S. government. These risks include, but are not limited to, revaluation of currencies and future adverse political and economic developments which could cause securities and their markets to be less liquid and prices more volatile than those of comparable U.S. companies and U.S. government securities.

D. *Forward Foreign Currency Contracts.* The Trust may enter into forward foreign currency contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily and the change in value is recorded by the Trust as an unrealized gain or loss and is reported in the Statement of Assets and Liabilities. Realized gains or losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed are recorded upon delivery or receipt of the currency and are included in the Statement of Operations. These instruments may involve market risk in excess of the amount recognized in the Statement of Assets and Liabilities. In addition, the Trust could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the U.S. dollar. Open forward foreign currency contracts are presented following the Portfolio of Investments. For the period ended November 30, 2010, the Trust had an average quarterly contract amount on forward foreign currency contracts to sell of \$116,560,748.

E. *Federal Income Taxes.* It is the policy of the Trust to comply with the requirements of subchapter M of the Internal Revenue Code that are applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized capital gains to its shareholders. Therefore, a federal income tax or excise tax provision is not required. Management has considered the

sustainability of the Trust's tax positions taken on federal income tax returns for all open tax years in making this determination. No capital gain distributions shall be made until the capital loss carryforwards have been fully utilized or expire.

F. *Distributions to Common Shareholders.* The Trust declares and pays dividends monthly from net investment income. Distributions from capital gains, if any, are declared and paid annually. The

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Trust may make additional distributions to comply with the distribution requirements of the Internal Revenue Code. The character and amounts of income and gains to be distributed are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles for investment companies. The Trust records distributions to its shareholders on the ex-dividend date.

G. *Dividend Reinvestments.* Pursuant to the Trust's Shareholder Investment Program (the "Program"), PNC Global Investment Servicing (U.S.) Inc. ("PNC"), the Program administrator, purchases, from time to time, shares of beneficial interest of the Trust on the open market to satisfy dividend reinvestments. Such shares are purchased on the open market only when the closing sale or bid price plus commission is less than the NAV per share of the Trust's common shares on the valuation date. If the market price plus commissions is equal to or exceeds NAV, new shares are issued by the Trust at the greater of (i) NAV or (ii) the market price of the shares during the pricing period, minus a discount of 5%.

H. *Use of Estimates.* The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

I. *Share Offerings.* The Trust issues shares under various shelf registration statements, whereby the net proceeds received by the Trust from share sales may not be less than the greater of (i) the NAV per share or (ii) 94% of the average daily market price over the relevant pricing period.

NOTE 3 INVESTMENTS

For the period ended November 30, 2010, the cost of purchases and the proceeds from principal repayment and sales of investments, excluding short-term notes, totaled \$469,868,752 and \$463,819,762, respectively. At November 30, 2010, the Trust held senior loans valued at \$1,131,637,287 representing 98.4% of its total investments. The fair value of these assets is established as set forth in Note 2.

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

Common and preferred shares, and stock purchase warrants held in the portfolio were acquired in conjunction with loans held by the Trust. Certain of these stocks and warrants are restricted and may not be publicly sold without registration under the 1933 Act, or without an exemption under the 1933 Act. In some cases, these restrictions expire after a designated period of time after issuance of the shares or warrants.

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 3 INVESTMENTS (continued)

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

	Date of Acquisition	Cost or Assigned Basis
Allied Digital Technologies Corporation (Residual Interest in Bankruptcy Estate)	06/05/02	\$ 100
Ascend Media (Residual Interest)	01/05/10	
Block Vision Holdings Corporation (719 Common Shares)	09/17/02	
Boston Chicken, Inc. (Residual Interest in Boston Chicken Plan Trust)	12/26/00	9,793
Cedar Chemical (Liquidation Interest)	12/31/02	
Enterprise Profit Solutions (Liquidation Interest)	10/21/02	
Euro United Corporation (Residual Interest in Bankruptcy Estate)	06/21/02	100
Ferretti SPA (Warrants for 0.111% Participation Interest)	09/30/09	
Gainey Corporation (Residual Interest)	12/31/09	
Grand Union Company (Residual Interest in Bankruptcy Estate)	07/01/02	2,576
Kevco Inc. (Residual Interest in Bankruptcy Estate)	06/05/02	25
Lincoln Paper & Tissue (Warrants for 291 Common Shares, Expires August 14, 2015)	08/25/05	
Lincoln Pulp and Eastern Fine (Residual Interest in Bankruptcy Estate)	06/08/04	
Safelite Realty Corporation (57,804 Common Shares)	10/12/00	
Supermedia, Inc. (39,592 Common Shares)	01/05/10	
Transtar Metals (Residual Interest in Bankruptcy Estate)	01/09/03	40,230
US Office Products Company (Residual Interest in Bankruptcy Estate)	02/11/04	
Total Restricted Securities (fair value \$452,546 was 0.05% of net assets at November 30, 2010)		\$ 52,824

NOTE 4 MANAGEMENT AND ADMINISTRATION AGREEMENTS

The Trust has entered into an investment management agreement ("Investment Advisory Agreement") with the Investment Adviser, an Arizona limited liability company, to provide advisory and management services. The Investment Advisory Agreement compensates the Investment Adviser with a fee, computed daily and payable monthly, at an annual rate of 0.80% of the Trust's Managed Assets. For purposes of the Investment Advisory Agreement, "Managed Assets" shall mean the Trust's average daily gross asset value, minus the sum of the Trust's accrued and unpaid dividends on any outstanding preferred shares and accrued liabilities (other than liabilities for the principal amount of any borrowings incurred, commercial paper or notes issued by the Trust and the liquidation preference of any outstanding preferred shares).

The Investment Adviser entered into a Sub-Advisory agreement with ING IM, a Connecticut corporation. Subject to such policies as the Board or the Investment Adviser may determine, ING IM manages the Trust's assets in accordance with the Trust's investment objectives, policies, and limitations.

The Trust has also entered into an administration agreement with ING Funds Services, LLC (the "Administrator") to provide administrative services and also to furnish facilities. The Administrator is compensated with a fee, computed daily and payable monthly, at an annual rate of 0.25% of the Trust's Managed Assets.

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 4 MANAGEMENT AND ADMINISTRATION AGREEMENTS (continued)

The Investment Adviser, ING IM and the Administrator are indirect, wholly-owned subsidiaries of ING Groep N.V. ("ING Groep"). ING Groep is a global financial institution of Dutch origin offering banking, investments, life insurance, and retirement services.

ING Groep has adopted a formal restructuring plan that was approved by the European Commission in November 2009 under which the ING life insurance businesses, including the retirement services and investment management businesses, which include the Investment Adviser and its affiliates, would be divested by ING Groep by the end of 2013. While there can be no assurance that it will be carried out, the restructuring plan presents certain risks, including uncertainty about the effect on the businesses of the ING entities that service the Trust and potential termination of the Trust's existing advisory agreement, which may trigger the need for shareholder approval of new agreements.

NOTE 5 TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

At November 30, 2010, the Trust had the following amounts recorded in payables to affiliates on the accompanying Statement of Assets and Liabilities:

Accrued Investment Management Fees	Accrued Administrative Fees	Total
\$ 739,399	\$ 231,062	\$ 970,461

The Trust has adopted a Deferred Compensation Plan (the "Plan"), which allows eligible non-affiliated trustees as described in the Plan to defer the receipt of all or a portion of the trustees fees payable. Amounts deferred are treated as though invested in various "notional" funds advised by ING Investments until distribution in accordance with the Plan.

NOTE 6 COMMITMENTS

The Trust has entered into a \$275 million 364-day revolving credit agreement which matures August 17, 2011, collateralized by assets of the Trust. Borrowing rates under this agreement are based on a fixed spread over LIBOR, and a commitment fee is charged on the unused portion. Prepaid arrangement fees are amortized over the term of the agreement. The amount of borrowings outstanding at November 30, 2010, was \$134 million. Weighted average interest rate on outstanding borrowings was 1.65%, excluding fees related to the unused portion of the facilities, and other fees. The amount of borrowings represented 11.48% of total assets at November 30, 2010. Average borrowings for the period ended November 30, 2010 were \$110,545,455 and the average annualized interest rate was 2.46% excluding other fees related to the unused portion of the facilities, and other fees.

As of November 30, 2010, the Trust had unfunded loan commitments pursuant to the terms of the following loan agreements:

Calpine Corporation	\$ 2,100,000
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Cengage Learning, Inc.	3,333,333
Coletto Creek Power	5,000,000
Serpering Investments B.V. (Casema NV)	214,286
Valeant Pharmaceuticals International	2,000,000
	\$ 12,647,619

The unrealized depreciation on these commitments of \$802,681 as of November 30, 2010 is reported as such on the Statement of Assets and Liabilities.

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 7 RIGHTS AND OTHER OFFERINGS

As of November 30, 2010, outstanding share offerings pursuant to shelf registrations were as follows:

Registration Date	Shares Registered	Shares Remaining
8/17/09	25,000,000	24,980,237
8/17/09	5,000,000	5,000,000

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

Since early February 2008, the Trust has not received sufficient hold orders or any purchase requests for its preferred shares during their weekly auctions that equaled the full amount of such shares. As a result, under the terms of the preferred shares, the amounts sold, if any, by each selling shareholder are reduced pro rata or to zero. In addition, the dividend rate on such preferred shares, which is normally set by means of a Dutch auction procedure, automatically reset to the maximum rate permitted under the preferred shares program. That maximum rate is 150% of the applicable commercial paper base rate on the day of the auction. While it is possible that the dividend rate for the preferred shares will be set by means of an auction at some future time, there is no current expectation that this will be the case.

On June 9, 2008, the Trust announced the approval by the Board of a partial redemption of its outstanding preferred shares. The Trust subsequently redeemed approximately \$225 million of the \$450 million of its outstanding preferred shares. Additionally, on November 12, 2009, the Board approved a redemption of up to \$100 million preferred shares to be redeemed on a quarterly basis in the amount of up to \$25 million per quarter beginning January 2010 through December 2010.

As of November 30, 2010, pursuant to the November 2009 announcement, the first four redemptions of \$25 million each occurred. The preferred shares were redeemed using proceeds available through the Trust's existing bank loan facility and with cash held by the Trust. Redemption costs and the ongoing costs of obtaining leverage through a bank loan facility may reduce returns to common shares and may be higher or lower than the costs of leverage obtained through the preferred shares. The Trust will continue to monitor the situation and evaluate potential options to restore liquidity to and/or provide additional refinancing options for this market in the context of regulatory guidelines, as well as the economic and tax implications for both its common and preferred shareholders. There can be no assurance that any means for liquidity

will be identified, and if they are, it is possible that the Trust's leverage or its benefits from leverage will diminish.

NOTE 8 CUSTODIAL AGREEMENT

State Street Bank and Trust Company ("SSB") serves as the Trust's custodian and recordkeeper. Custody fees paid to SSB are reduced by earnings credits based on the cash balances held by SSB for the Trust. There were no earnings credits for the period ended November 30, 2010.

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 9 SUBORDINATED LOANS AND UNSECURED LOANS

The Trust may invest in subordinated loans and in unsecured loans. The primary risk arising from investing in subordinated loans or in unsecured loans is the potential loss in the event of default by the issuer of the loans. The Trust may acquire a subordinated loan only if, at the time of acquisition, it acquires or holds a senior loan from the same borrower. The Trust will acquire unsecured loans only where the Investment Adviser believes, at the time of acquisition, that the Trust would have the right to payment upon default that is not subordinate to any other creditor. Subject to the aggregate 20% limit on other investments, the Trust may invest up to 20% of its total assets in unsecured floating rate loans, notes and other debt instruments and 5% of its total assets in floating rate subordinated loans. As of November 30, 2010, the Trust held 1.0% of its total assets in subordinated loans and unsecured loans.

NOTE 10 CAPITAL SHARES

Transactions in capital shares and dollars were as follows:

	Prime Rate Trust	
	Nine Months Ended November 30, 2010	Year Ended February 28, 2010
Number of Shares		
Reinvestment of distributions from common shares	66,580	34,032
Proceeds from shares sold	1,677,409	19,763
Net increase in shares outstanding	1,743,989	53,795
Dollar Amount (\$)		
Reinvestment of distributions from common shares	\$ 392,395	\$ 193,985
Proceeds from shares sold	10,016,035	112,650
Net increase	\$ 10,408,430	\$ 306,635

NOTE 11 FEDERAL INCOME TAXES

The amount of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles for investment companies. These book/tax differences may be either temporary or permanent. Permanent differences are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences are not reclassified. Key differences include the treatment of short-term capital gains, foreign currency transactions, and wash sale deferrals. Distributions in excess of net investment income and/or net realized capital gains for tax purposes are reported as return of capital.

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

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

Nine Months Ended November 30, 2010	Year Ended February 28, 2010
Ordinary Income	Ordinary Income
\$ 35,571,134	\$ 46,261,846

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

NOTE 11 FEDERAL INCOME TAXES (continued)

The tax-basis components of distributable earnings and the expiration dates of the capital loss carryforwards which may be used to offset future realized capital gains for federal income tax purposes as of February 28, 2010 were:

Undistributed Ordinary Income	Unrealized Depreciation	Post-October Capital Losses Deferred	Capital Loss Carryforwards	Expiration Dates
\$ 8,166,292	\$ (74,816,431)	\$ (21,497,833)	\$ (97,064,717)	2011
			(57,686,392)	2012
			(22,421,058)	2013
			(560,828)	2014
			(41,585,301)	2017
			(125,812,939)	2018
			\$ (345,131,235)	

The Trust's major tax jurisdictions are federal and Arizona. The earliest tax year that remains subject to examination by these jurisdictions is 2006.

As of November 30, 2010, no provision for income tax is required in the Trust's financial statements as a result of tax positions taken on federal and state income tax returns for open tax years. The Trust's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state department of revenue.

NOTE 12 SUBSEQUENT EVENTS

Subsequent to November 30, 2010, the Trust paid to Common Shareholders the following dividends from net investment income:

Per Share Amount	Declaration Date	Record Date	Payable Date
\$ 0.0255	11/30/10	12/10/10	12/22/10
\$ 0.0255	12/21/10	12/31/10	1/12/11

Subsequent to November 30, 2010, the Trust paid to Preferred Shareholders the following dividends from net investment income:

Preferred Shares	Total Per Share Amount	Auction Dates	Record Dates	Payable Dates	Average Rate			
Series M	\$ 9.71	12/06/10	01/14/11	12/13/11	01/24/11	12/14/10	01/25/11	0.29%
Series T	\$ 9.49	12/07/10	01/18/11	12/14/10	01/25/11	12/15/10	01/26/11	0.28%

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Series W	\$	9.78	12/01/10	01/12/11	12/08/10	01/19/11	12/09/10	01/20/11	0.29%
Series Th	\$	9.66	12/02/10	01/13/11	12/09/10	01/20/11	12/10/10	01/21/11	0.28%
Series F	\$	9.63	12/03/10	01/14/11	12/10/10	01/21/11	12/13/10	01/24/11	0.28%

Subsequent to November 30, 2010, the fourth quarterly redemption of preferred shares took place and is itemized below:

Preferred Shares	Total Shares Redeemed	Total Liquidation Preference	Redemption Date
Series F	200	\$ 5,000,000	01/10/11
Series M	200	\$ 5,000,000	01/11/11
Series T	200	\$ 5,000,000	01/12/11
Series W	200	\$ 5,000,000	01/13/11
Series Th	200	\$ 5,000,000	01/14/11
Totals	1,000	\$ 25,000,000	

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NOTES TO FINANCIAL STATEMENTS as of November 30, 2010 (Unaudited) (continued)

Subsequent to November 30, 2010, the Board of Trustees approved a continuance of the redemption of the ARPS through a series of periodic redemptions of up to \$25 million each, the next of which is expected to occur in January 2011, subject to satisfying the notice and other requirements that apply to ARPS redemptions. Upon completion of such notice and other requirements, the Trust will issue a formal redemption notice to the paying agent and record holders. The amount and timing of redemptions of ARPS will be at the discretion of the Trust's management, subject to market conditions and investment considerations.

The Trust has evaluated events occurring after the Statement of Assets and Liabilities date (subsequent events) to determine whether any subsequent events necessitated adjustment to or disclosure in the financial statements. Other than the above, no such subsequent events were identified.

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PORTFOLIO OF INVESTMENTS as of November 30, 2010 (Unaudited)

<i>Principal Amount</i>	<i>Borrower/Tranche Description</i>	<i>Bank Loan Ratings† (Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&P</i>	
Senior Loans*: 131.2%				
Aerospace & Defense: 1.9%				
	Delta Airlines, Inc.	Ba2	BB-	
	Term Loan, 8.750%, maturing September 27, 2013			
\$ 495,000				\$ 501,099
	Delta Airlines, Inc.			