

ING PRIME RATE TRUST  
Form N-CSR  
May 05, 2011

OMB APPROVAL

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

Washington, D.C. 20549

**FORM N-CSR**

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

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

**ING Prime Rate Trust**

(Exact name of registrant as specified in charter)

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

**85258**  
(Zip code)

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

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(Name and address of agent for service)

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

Date of fiscal year end: February 28

Date of reporting period: February 28, 2011

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**Item 1. Reports to Stockholders.**

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

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**Funds**

Annual Report

**February 28, 2011**

ING Prime Rate Trust

E-Delivery Sign-up details inside

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

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ING Prime Rate Trust

**ANNUAL REPORT**

February 28, 2011

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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 FEBRUARY 28, 2011**

Net Assets	\$ 893,660,757
Total Assets	\$ 1,299,418,720
Assets Invested in Senior Loans	\$ 1,240,302,306
Senior Loans Represented	523
Average Amount Outstanding per Loan	\$ 2,371,515
Industries Represented	37
Average Loan Amount per Industry	\$ 33,521,684
Portfolio Turnover Rate (YTD)	60%
Weighted Average Days to Interest Rate Reset	40
Average Loan Final Maturity	52 months
Total Leverage as a Percentage of Total Assets (including preferred shares)	22.09%

**PERFORMANCE SUMMARY**

The Trust declared \$0.08 of dividends during the fourth fiscal quarter and \$0.32 during the year ended February 28, 2011, including a return of capital of \$0.02 per share and net investment income of \$0.30 per share. Based on the average month-end net asset value ("NAV") per share of \$5.94 for the fourth fiscal quarter and \$5.81 for the year, this resulted in an annualized distribution rate<sup>(1)</sup> of 5.08% for the fourth fiscal quarter and 5.45% for the year. The Trust's total net return for the fourth fiscal quarter, based on NAV, was 4.93% versus a total gross return on the S&P/LSTA Leveraged Loan Index (the "Index")<sup>(2)</sup> of 3.71% for the same quarter. For the year ended February 28, 2011, the Trust's total return, based on NAV, was 12.32%, versus 10.24% gross return for the Index. The total market value return (based on full reinvestment of dividends) for the Trust's common shares during the fourth fiscal quarter was 5.70% and for the year ended February 28, 2011 was 7.09%.

**MARKET AND PORTFOLIO UPDATE**

Broadly speaking, the senior loan market performed quite well during the Trust's fiscal year. Underlying returns were buoyed by a sustained albeit slow-moving economic recovery, robust corporate earnings, and strong inflows into the loan asset class. In addition, the supply of new loans, while up substantially from the modest pace seen in fiscal 2010, did not materially add to

(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)

**TOP TEN SENIOR LOAN ISSUERS  
AS OF FEBRUARY 28, 2011  
AS A PERCENTAGE OF:**

	<b>TOTAL ASSETS</b>	<b>NET ASSETS</b>
CHS/Community Health Systems, Inc.	3.0%	4.4%
Cequel Communications, LLC	2.1%	3.1%
PBL Media	1.8%	2.7%
Univision Communications, Inc.	1.8%	2.6%
Ford Motor Company	1.6%	2.4%
First Data Corporation	1.6%	2.3%
CSC Holdings, Inc.	1.5%	2.2%
Texas Competitive Electric Holdings Company, LLC	1.5%	2.2%
HCA, Inc.	1.3%	1.9%
Charter Communications Operating, LLC	1.2%	1.7%

***Subject to change daily.***

the overall stock of outstanding loans in the secondary market due to ongoing refinancing activity and bond-for-loan takeouts. As a result, the market's technical bias (i.e., supply of and demand for loans) remained strong during the year. Moreover, credit fundamentals, as reflected by virtually every measure, particularly trailing default rates, improved noticeably compared to the initial stages of 2010. Despite all these positives, we continue to closely watch developments in other segments of the capital markets, in particular, the market for European government debt. The ongoing uncertainty over the financial health and path of several major European Union members continues to at times rattle credit markets. Although the direct impact on loan returns has been negligible, the indirect impact has been significant over the course of the last year, as evidenced by a negative total return for the Index during May and June. The positive news is that as time passes and unexpected developments are absorbed, fears of a contagion effect, while not gone, appear to be diminishing.

The Trust outperformed the Index for the full year ended February 28, 2011. Favorable results were driven by generally positive issuer selection: three of the top five Index contributors were in the Trust's top ten holdings; the Trust held none of the worst five Index detractors. Also, the Trust continued to avoid the majority of issuers that defaulted during the fiscal year. The Trust had three defaults during the reporting period, whereas the Index had 14. The Trust's allocation to European loans also contributed to relative performance, particularly during the second half of the fiscal year. This allocation ended the fiscal year at approximately 13% of the overall portfolio. Presenting a moderate drag on relative results during the fiscal year was a continued underweight to the riskiest part of the loan market those issuers rated "CCC" and below by Standard & Poor's, as well as a number of large loans originated prior to the global credit crisis. Both of these sub-segments, which continue to have lower price points than the overall Index, outperformed during the year as investors embraced risk in search for yield. The Trust continued to benefit

from the moderate use of leverage for investment purposes during the period under review.

**TOP TEN INDUSTRY SECTORS  
AS OF FEBRUARY 28, 2011  
AS A PERCENTAGE OF:**

	<b>TOTAL ASSETS</b>	<b>NET ASSETS</b>
Healthcare, Education and Childcare	12.0%	17.4%
North American Cable	7.8%	11.3%
Data and Internet Services	6.7%	9.7%
Retail Stores	6.7%	9.7%
Printing & Publishing	6.3%	9.2%
Chemicals, Plastics & Rubber	4.2%	6.2%
Automobile	3.8%	5.6%
Containers, Packaging & Glass	3.8%	5.5%
Utilities	3.6%	5.3%
Personal, Food & Miscellaneous	3.4%	5.0%

***Subject to change daily.***

## ING Prime Rate Trust

## PORTFOLIO MANAGERS' REPORT (continued)

**Ratings Distribution  
as of February 28, 2011**

Baa	5.04%
Ba	43.75%
B	39.22%
Caa and below	2.40%
Not rated*	9.59%

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. Moody's ratings classification methodology: Aaa rating denotes the least credit risk; C rating denotes the greatest credit risk. 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.

## OUTLOOK

We continue to like the case for floating rate secured loans in today's market environment. Although most higher-quality below investment grade loans now trade very close to par value, yields continue to look reasonably attractive, particularly in light of future credit risk. And, of course, senior loans, given their ultra-short duration profile, represent one of the few mainstream asset classes that provide investors both a form of principal stability and increasing yields when interest rates do begin to rise. At this point, we believe near-term downside risks appears limited, based on both credit fundamentals and market technical factors, although the risk always remains that an exogenous event may shock the financial system and/or dampen investor appetite for riskier asset classes. As always, we continue to seek to actively manage these risks by way of our long-standing focus on traditional secured bank loans and an investment process that centers on rigorous credit research and underwriting and proactive ongoing portfolio monitoring.

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

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

ING Prime Rate Trust  
April 1, 2011

## ING Prime Rate Trust

## PORTFOLIO MANAGERS' REPORT (continued)

	Average Annual Total Returns for the Years Ended February 28, 2011			
	1 Year	3 Years	5 Years	10 Years
Based on Net Asset Value (NAV)	12.32%	7.11%	3.08%	4.36%
Based on Market Value	7.09%	9.76%	4.49%	4.22%
S&P/LSTA Leveraged Loan Index	10.24%	8.73%	5.45%	5.26%
Credit-Suisse Leveraged Loan Index	10.37%	7.15%	4.65%	4.89%

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](http://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.

## ING Prime Rate Trust

## PORTFOLIO MANAGERS' REPORT (continued)

	YIELDS AND DISTRIBUTION RATES				
	Prime Rate	NAV 30-day SEC Yield <sup>(A)</sup>	Mkt. 30-Day SEC Yield <sup>(A)</sup>	Annualized Dist. Rate @ NAV <sup>(B)</sup>	Annualized Dist. Rate @ Mkt. <sup>(B)</sup>
February 28, 2011	3.25%	5.42%	5.47%	4.93%	4.98%
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%

<sup>(A)</sup> 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.

<sup>(B)</sup> 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 credit 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.



ING Prime Rate Trust

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Trustees  
ING Prime Rate Trust

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of ING Prime Rate Trust, as of February 28, 2011, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the ten-year period then ended. These financial statements and financial highlights are the responsibility of management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of February 28, 2011, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of ING Prime Rate Trust as of February 28, 2011, the results of its operations and its cash flows, the changes in its net assets, and the financial highlights, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts  
April 28, 2011



## ING Prime Rate Trust

## STATEMENT OF ASSETS AND LIABILITIES as of February 28, 2011

**ASSETS:**

Investments in securities at value (Cost \$1,261,373,643)	\$ 1,268,316,107
Cash	5,027,905
Foreign currencies at value (Cost \$5,027,707)	5,027,722
Receivables:	
Investment securities sold	16,573,826
Dividends and interest	4,380,829
Other	10,880
Unrealized appreciation on unfunded commitments	73,453
Prepaid expenses	7,998
<b>Total assets</b>	<b>1,299,418,720</b>

**LIABILITIES:**

Notes payable	187,000,000
Payable for investment securities purchased	114,848,403
Accrued interest payable	179,424
Deferred arrangement fees on senior loans	63,870
Dividends payable preferred shares	3,717
Payable to affiliates	948,981
Payable to custodian	233,709
Accrued trustees fees	6,983
Unrealized depreciation on forward foreign currency contracts	2,054,914
Other accrued expenses	417,962
<b>Total liabilities</b>	<b>305,757,963</b>
Preferred shares, \$25,000 stated value per share at liquidation value (4,000 shares outstanding)	100,000,000
<b>NET ASSETS</b>	<b>\$ 893,660,757</b>

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

\$ 6.08

**NET ASSETS WERE COMPRISED OF:**

Paid-in capital	\$ 1,174,732,118
Distributions in excess of net investment income	(437,241)
Accumulated net realized loss	(285,156,798)
Net unrealized appreciation	4,522,678
<b>NET ASSETS</b>	<b>\$ 893,660,757</b>

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

## STATEMENT OF OPERATIONS for the Year Ended February 28, 2011

<b>INVESTMENT INCOME:</b>	
Interest	\$ 55,454,279
Dividends	5,152
Amendment fees earned	669,777
Other	1,896,800
Total investment income	58,026,008
<b>EXPENSES:</b>	
Investment management fees	9,006,401
Administration fees	2,814,500
Transfer agent fees	74,441
Interest expense	2,863,487
Custody and accounting expense	550,075
Professional fees	286,691
Preferred shares dividend disbursing agent fees	320,571
Shareholder reporting expense	191,815
Trustees fees	20,298
Miscellaneous expense	329,456
Total expenses	16,457,735
Net investment income	41,568,273
<b>REALIZED AND UNREALIZED GAIN (LOSS):</b>	
Net realized loss on:	
Investments	(14,421,781)
Forward foreign currency contracts	(821,525)
Foreign currency related transactions	(3,813,214)
Net realized loss	(19,056,520)
Net change in unrealized appreciation or depreciation on:	
Investments	79,051,356
Forward foreign currency contracts	(3,437,384)
Foreign currency related transactions	(390,031)
Unfunded commitments	1,562,032
Net change in unrealized appreciation or depreciation	76,785,973
Net realized and unrealized gain	57,729,453
<b>DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:</b>	
From net investment income	(423,452)
Increase in net assets resulting from operations	\$ 98,874,274

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended February 28, 2011	Year Ended February 28, 2010
<b>FROM OPERATIONS:</b>		
Net investment income	\$ 41,568,273	\$ 40,578,441
Net realized loss	(19,056,520)	(79,461,767)
Net change in unrealized appreciation or depreciation	76,785,973	362,783,607
Distributions to preferred shareholders from net investment income	(423,452)	(534,821)
Increase in net assets resulting from operations	98,874,274	323,365,460
<b>FROM DISTRIBUTIONS TO COMMON SHAREHOLDERS:</b>		
From net investment income	(43,725,897)	(45,727,025)
From return of capital	(2,667,020)	
Decrease in net assets from distributions to common shareholders	(46,392,917)	(45,727,025)
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Reinvestment of distributions from common shares	392,395	193,985
Proceeds from shares sold	10,002,232	112,650
Net increase from capital share transactions	10,394,627	306,635
Net increase in net assets	62,875,984	277,945,070
<b>NET ASSETS:</b>		
Beginning of year	830,784,773	552,839,703
End of year (including undistributed (distributions in excess of) net investment income of \$(437,241) and 6,778,574 \$respectively)	\$ 893,660,757	\$ 830,784,773

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

## STATEMENT OF CASH FLOWS for the Year Ended February 28, 2011

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

Interest received	\$ 44,853,265
Dividends received	5,152
Dividends paid to preferred shareholders	(424,983)
Arrangement fee paid	(177,748)
Other income received	2,193,690
Interest paid	(2,684,063)
Other operating expenses paid	(13,160,156)
Purchases of securities	(683,829,543)
Proceeds on sale of securities	688,391,516
Net cash provided by operating activities	35,167,130

**Cash Flows From Financing Activities:**

Distributions paid to common shareholders (net of reinvested distributions)	(46,000,522)
Redemption of preferred shares	(100,000,000)
Proceeds from shares sold	10,002,232
Net increase of notes payable	104,000,000
Net cash flows provided by financing activities	(31,998,290)
Net increase in cash	3,168,840
Cash at beginning of year	1,859,065
Cash at end of year	\$ 5,027,905

**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	\$ 98,874,274
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	(79,051,356)
Change in unrealized appreciation or depreciation on forward currency contracts	3,437,384
Change in unrealized appreciation or depreciation on unfunded commitments	(1,562,032)
Change in unrealized appreciation or depreciation on other assets and liabilities	390,031
Accretion of discounts on investments	(10,402,069)
Amortization of premiums on investments	253,220
Net realized loss on sale of investments, forward foreign currency contracts and foreign currency related transactions	19,056,520
Purchases of investment securities	(683,829,543)
Proceeds from disposition of investment securities	688,391,516

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Decrease in other receivables	17,151
Increase in interest receivable	(452,165)
Decrease in prepaid expenses	951
Decrease in deferred arrangement fees on senior loans	(177,748)
Increase in accrued interest payable	179,424
Decrease in dividends payable preferred shares	(1,531)
Increase in payable to affiliates	52,557
Decrease in accrued trustees fees	(10,645)
Increase in other accrued expenses	1,191
Total adjustments	(63,707,144)
Net cash provided by operating activities	\$ 35,167,130
<b>Non Cash Financing Activities</b>	
Reinvestment of distributions	\$ 392,395

See Accompanying Notes to Financial Statements





FINANCIAL HIGHLIGHTS

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

Per Share Operating Performance

Year or period ended	Net asset value, beginning of year or period	Net investment income (loss)	Net realized and unrealized gain (loss)	Change in net asset value from operations	Total Shareholder investment income	Distribution to Common Shareholders from net investment return of capital	Total Distributions from	Net asset value, end of year or period	Closing market price, end of year or period	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
<b>ING Prime Rate Trust</b>										
02-28-11	5.72	0.30	0.38	(0.00)*	0.68	(0.30)	(0.02)	(0.32)	6.08	6.02
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	6.40
02-28-02	8.09	0.74	(0.89)	(0.11)	(0.26)	(0.63)		(0.74)	7.20	6.77

Year or period ended	Total Investment Return <sup>(1)</sup>		Ratios to average net assets				Supplemental data	
	Total Investment Return at net asset value <sup>(2)</sup>	Total Investment Return at closing market price <sup>(3)</sup>	Expenses (before interest and other fees related to revolving credit facility)	Expenses prior to fee waivers and/or recoupments if any	Expenses, net of fee waivers and/or recoupments if any	Net investment income (loss)	Net assets, end of year or period	Portfolio Turnover
	(%)	(%)	(%)	(%)	(%)	(%)	(\$000's)	(%)
<b>ING Prime Rate Trust</b>								
02-28-11	12.32	7.09	1.59	1.93	1.93	4.87	893,661	60
02-28-10	60.70	81.66	1.77 <sup>(5)</sup>	1.99 <sup>(5)</sup>	1.93	5.56	830,785	38
02-28-09	(31.93) <sup>(4)</sup>	(32.03) <sup>(4)</sup>	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

(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, capital gain distributions and return of capital distributions/allocations, if any, in accordance with the provisions of the dividend reinvestment plan.

(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.

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

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

\* Amount is more than \$(0.005).

See Accompanying Notes to Financial Statements

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## FINANCIAL HIGHLIGHTS (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 <sup>(a)</sup>				Ratios to average net assets plus borrowings			
	Expenses (before interest and other fees related to revolving credit facility) (%)	Expenses, prior to fee waivers and/or recoupments if any (%)	Expenses, net of fee waivers and/or recoupments if any (%)	Net investment income (loss) (%)	Expenses (before interest and other fees related to revolving credit facility) (%)	Expenses, prior to fee waivers and/or recoupments if any (%)	Expenses, net of fee waivers and/or recoupments if any (%)	Net investment income (loss) (%)
<b>ING Prime Rate Trust</b>								
02-28-11	1.36	1.64	1.64	4.14	1.39	1.68	1.68	4.26
02-28-10	1.36 <sup>(6)</sup>	1.52 <sup>(6)</sup>	1.48	4.26	1.67 <sup>(6)</sup>	1.87 <sup>(6)</sup>	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

## Supplemental data

Year or period ended	Preferred Shares Aggregate amount outstanding (\$000's)	Liquidation and market value per share of Preferred Shares (\$)	Asset coverage inclusive of Preferred Shares and debt per share <sup>(b)</sup> (\$)	Borrowings at end of period (\$000's)	Asset coverage per \$1,000 of debt <sup>(b)</sup> (\$)	Average borrowings (\$000's)	Common shares outstanding at end of year or period (000's)
<b>ING Prime Rate Trust</b>							
02-28-11	100,000	25,000	102,850	187,000	6,314	122,641	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
02-28-06	450,000	25,000	55,050	465,000	4,335	509,178	145,033

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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

(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

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ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2011

**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 February 28, 2011, 99.7% 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 February 28, 2011 (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 February 28, 2011, 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 February 28, 2011 (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 year ended February 28, 2011, the Trust had an average quarterly contract amount on forward foreign currency contracts to sell of \$123,926,703.

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 February 28, 2011 (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"), BNY Mellon Investment Servicing (U.S.) Inc. ("BNY"), 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 year ended February 28, 2011, the cost of purchases and the proceeds from principal repayment and sales of investments, excluding short-term notes, totaled \$769,323,409 and \$683,719,374, respectively. At February 28, 2011, the Trust held senior loans valued at \$1,240,302,306 representing 97.8% 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 February 28, 2011 (continued)

**NOTE 3 INVESTMENTS (continued)**

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

	<b>Date of Acquisition</b>	<b>Cost or Assigned Basis</b>
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	
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. (32,592 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 \$579,655 was 0.07% of net assets at February 28, 2011)		\$ 43,031

**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 February 28, 2011 (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. To achieve this goal, ING Groep announced in November 2010 that it plans to pursue two separate Initial Public Offerings: one a U.S. focused offering that would include U.S. based insurance, retirement services, and investment management operations; and the other a European based offering for European and Asian based insurance and investment management operations. There can be no assurance that the restructuring plan will be carried out through two offerings or at all.

The restructuring plan and the uncertainty about its implementation, whether implemented through the planned Initial Public Offerings or through other means, in whole or in part, may be disruptive to the businesses of ING entities, including the ING entities that service the Fund, and may cause, among other things, interruption or reduction of business and services, diversion of management's attention from day-to-day operations, and loss of key employees or customers. A failure to complete the offerings or other means of implementation on favorable terms could have a material adverse impact on the operations of the businesses subject to the restructuring plan. The restructuring plan may result in the Investment Adviser's and/or Sub-Adviser's loss of access to services and resources of ING Groep, which could adversely affect their businesses and profitability. In addition, the divestment of ING businesses, including the Investment Adviser and Sub-Adviser, may potentially be deemed a "change of control" of each entity. A change of control would result in the termination of the Fund's advisory and sub-advisory agreements, which would trigger the necessity for new agreements that would require approval of the Board, and may trigger the need for shareholder approval. Currently, the Investment Adviser does not anticipate that the restructuring will have a material adverse impact on the Fund or its operations and administration.

**NOTE 5 TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES**

At February 28, 2011, the Trust had the following amounts recorded in payables to affiliates on the accompanying Statement of Assets and Liabilities:

<b>Accrued Investment Management Fees</b>	<b>Accrued Administrative Fees</b>	<b>Total</b>
\$ 723,033	\$ 225,948	\$ 948,981

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 February 28, 2011, was \$187 million. Weighted average interest rate on outstanding borrowings was 1.68%, excluding fees related to the unused portion of the facilities, and other fees. The amount of borrowings represented 14.39% of total assets at February 28, 2011. Average borrowings for the year ended February 28, 2011 were \$122,641,096 and the average annualized interest rate was 2.33% excluding other fees related to the unused portion of the facilities, and other fees.

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2011 (continued)

**NOTE 6 COMMITMENTS (continued)**

As of February 28, 2011, the Trust had an unfunded loan commitment pursuant to the terms of the following loan agreement:

inVentiv Health, Inc	\$ 1,533,333
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The unrealized appreciation on these commitments of \$73,453 as of February 28, 2011 is reported as such on the Statement of Assets and Liabilities.

**NOTE 7 RIGHTS AND OTHER OFFERINGS**

As of February 28, 2011, 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.

Since June 9, 2008, the Trust has announced the approval by the Board of a number of partial redemptions of its outstanding preferred shares. Pursuant to these partial redemptions, as of February 28, 2011, the Trust redeemed \$350 million of its previously outstanding preferred shares and will have \$100 million of

preferred shares still outstanding. 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.

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2011 (continued)

**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 February 28, 2011.

**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 February 28, 2011, the Trust held 0.5% of its total assets in subordinated loans and unsecured loans.

**NOTE 10 CAPITAL SHARES**

Transactions in capital shares and dollars were as follows:

	<b>Prime Rate Trust</b>	
	<b>Year Ended February 28, 2011</b>	<b>Year Ended February 28, 2010</b>
<b>Number of Shares</b>		
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
<b>Dollar Amount (\$)</b>		
Reinvestment of distributions from common shares	\$ 392,395	\$ 193,985
Proceeds from shares sold	10,002,232	112,650
Net increase	\$ 10,394,627	\$ 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.

The following permanent tax differences have been reclassified as of February 28, 2011:

<b>Paid-in Capital<sup>(1)</sup></b>	<b>Undistributed Net Investment Income</b>	<b>Accumulated Net Realized Gains/(Losses)</b>
\$ (97,064,717)	\$ (4,634,739)	\$ 101,699,456

(1) \$97,064,717 relates to the expiration of capital loss carryforwards.

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.

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2011 (continued)

**NOTE 11 FEDERAL INCOME TAXES (continued)**

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

Year Ended February 28, 2011		Year Ended February 28, 2010
Ordinary Income	Return of Capital	Ordinary Income
\$ 44,149,349	\$ 2,667,020	\$ 46,261,846

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, 2011 were:

Unrealized Appreciation	Post-October Capital Losses Deferred	Post-October Currency Losses Deferred	Capital Loss Carryforwards	Expiration Dates
\$ 5,656,602	\$ (11,408,575)	\$ (2,488,438)	\$ (57,686,392)	2012
			(22,421,058)	2013
			(560,828)	2014
			(41,585,301)	2017
			(125,812,939)	2018
			(24,760,715)	2019
			\$ (272,827,233)	

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 February 28, 2011, 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.

The Regulated Investment Company Modernization Act of 2010 (the "Act") was enacted on December 22, 2010. The Act makes changes to several tax rules impacting the Trust. In general, the provisions of the Act will be effective for the Trust's tax year ending February 29, 2012. Although the Act provides several benefits, including the unlimited carryforward of future capital losses, there may be a greater likelihood that all or a portion of the fund's pre-enactment capital loss carryforwards may expire without being utilized due to the fact that post-enactment capital losses are required to be utilized before pre-enactment capital loss carryforwards. Relevant information regarding the impact of the Act on the Trust, if any, will be contained within the "Federal Income Taxes" section of the financial statement notes for the fiscal year ending February 29, 2012.

**NOTE 12 SUBSEQUENT EVENTS**

Subsequent to February 28, 2011, the Trust paid to Common Shareholders the following dividends from net investment income:

<b>Per Share Amount</b>	<b>Declaration Date</b>	<b>Record Date</b>	<b>Payable Date</b>
\$ 0.024	2/28/11	3/10/11	3/22/11
\$ 0.026	3/31/11	4/11/11	4/25/11

## ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2011 (continued)

**NOTE 12 SUBSEQUENT EVENTS (continued)**

Subsequent to February 28, 2011, 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	\$ 5.91	03/07/11 04/18/11	03/14/11 04/25/11	03/15/10 04/26/11	0.17%
Series T	\$ 6.21	03/01/11 04/12/11	03/08/11 04/19/11	03/09/11 04/20/11	0.18%
Series W	\$ 5.90	03/02/11 04/13/11	03/09/11 04/20/11	03/10/11 04/21/11	0.17%
Series Th	\$ 6.86	03/03/11 04/14/11	03/10/11 04/21/11	03/11/11 04/25/11	0.20%
Series F	\$ 6.63	03/04/11 04/15/11	03/11/11 04/21/11	03/14/11 04/25/11	0.20%

Subsequent to February 28, 2011, the next quarterly redemption itemized below occurred in April 2011, subject to satisfying the notice and other requirements that apply to Auction Rate Preferred Shares ("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.

Preferred Shares	Total Shares Redeemed	Total Liquidation Preference	Redemption Date
Series F	200	\$ 5,000,000	04/11/11
Series M	200	\$ 5,000,000	04/12/11
Series T	200	\$ 5,000,000	04/13/11
Series W	200	\$ 5,000,000	04/14/11
Series Th	200	\$ 5,000,000	04/15/11
Totals	1,000	\$ 25,000,000	

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.





ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011

<i>Senior Loans*: 138.8%</i>	<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&amp;P</i>	
<b>Aerospace &amp; Defense: 2.5%</b>					
		<b>CPI International, Inc.</b>	Ba2	B+	
		Term Loan, maturing February 09, 2017			
	\$ 200,000	(5)			\$ 202,000
		<b>Delta Airlines, Inc.</b>	Ba2	BB-	
		Term Loan, 8.750%, maturing September 27, 2013			
	493,750				497,894
		<b>Delta Airlines, Inc.</b>	B2	B	
		Term Loan, 3.514%, maturing April 30, 2014			
	9,297,184	(5)			9,195,175
		<b>Forgings International, Ltd.</b>	NR	NR	
		Term Loan, 4.803%, maturing December 18, 2015			
	710,526				687,434
	710,526				687,434
		Term Loan, 5.303%,			

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		maturing December 20, 2016		
		<b>Transdigm, Inc.</b>	Ba2	BB-
		Term Loan, maturing February 14, 2017		
2,100,000	(5)			2,118,157
		<b>Triumph Group, Inc.</b>	Baa3	BB+
		Term Loan, 4.500%, maturing June 16, 2016		
796,000				800,975
		<b>United Airlines, Inc.</b>	Ba3	BB-
		Term Loan, 2.313%, maturing February 03, 2014		
3,987,670				3,943,076
		<b>US Airways</b>	B3	B+
		Term Loan, 2.762%, maturing March 21, 2014		
3,000,000				2,776,071
		<b>Wesco Aircraft Hardware Corporation</b>	Ba3	BB-
		Term Loan, 2.520%, maturing September 30, 2013		
1,294,914				1,295,723
				<b>22,203,939</b>
<b>Automobile: 5.6%</b>		<b>Avis Budget Car</b>	Ba2	BB

		<b>Rental, LLC</b>		
		Term Loan, 5.750%, maturing April 19, 2014		
3,182,863				3,204,449
		<b>Dollar Thrifty Automotive Group, Inc.</b>	B2	B+
		Term Loan, 2.762%, maturing June 15, 2013		
3,221,430				3,202,640
		<b>Federal-Mogul Corporation</b>	Ba3	B+
		Term Loan, 2.198%, maturing December 28, 2015		
2,355,329				2,295,158
		Term Loan, 2.198%, maturing December 29, 2014		
4,616,446				4,498,509
		<b>Ford Motor Company</b>	Baa3	BB+
		Term Loan, 3.020%, maturing December 16, 2013		
7,878,354	(5)			7,881,434
		Term Loan, 3.020%, maturing December 16, 2013		
13,255,058	(5)			13,273,431
		<b>KAR Holdings, Inc.</b>	Ba3	B+

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5,337,738	Term Loan, 3.020%, maturing October 18, 2013	5,347,271
	<b>Metaldyne Company, LLC</b>	
	B1                  B+	
1,496,250	Term Loan, 7.750%, maturing October 28, 2016	1,533,656
	<b>Remy International, Inc.</b>	
	B1                  B+	
1,851,510	Term Loan, 6.250%, maturing December 16, 2016	1,870,605

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Automobile: (continued)</b>				
	<b>Tomkins, Inc.</b>	Ba2	BB	
\$ 986,621	Term Loan, 6.000%, maturing September 29, 2015			\$ 990,784
3,994,614	Term Loan, 6.250%, maturing September 29, 2016			4,040,164
	<b>Transtar Holding Company</b>	Ba3	BB-	
1,075,000	Term Loan, 6.250%, maturing December 21, 2016			1,096,500
	<b>UCI International, Inc.</b>	Ba3	B	
500,000	Term Loan, 5.500%, maturing July 26, 2017			503,282
				<b>49,737,883</b>
<b>Beverage, Food &amp; Tobacco: 4.3%</b>				
	<b>ARAMARK Corporation</b>	Ba3	BB	
1,897,903	Term Loan, 2.178%,			1,869,434

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	maturing January 26, 2014		
632,780	Term Loan, 2.136%, maturing January 27, 2014		633,176
3,147,614	Term Loan, 2.178%, maturing January 27, 2014		3,149,581
456,754	Term Loan, 3.511%, maturing July 26, 2016		459,038
6,945,247	Term Loan, 3.553%, maturing July 26, 2016		6,979,973
	<b>Bolthouse Farms, Inc.</b>	B1	B
956,205	Term Loan, 5.501%, maturing February 11, 2016		964,373
	<b>Bolthouse Farms, Inc.</b>	Caa1	CCC+
2,000,000	Term Loan, 7.500%, maturing August 11, 2016		2,029,584
226,667	<b>Darling International, Inc.</b>	Ba2	BB+
	Term Loan, 5.141%,		229,358

			maturing December 16, 2016		
			<b>Del Monte Corporation</b>	Ba3	B+
			Term Loan, maturing February 26, 2018		
	3,000,000	(5)			3,023,907
			<b>Iglo Birds Eye</b>	NR	BB-
			Term Loan, 5.612%, maturing April 30, 2016		
EUR	2,125,000				3,000,181
			<b>Michael Foods</b>	B1	BB-
			Term Loan, maturing February 23, 2018		
\$	1,200,000	(5)			1,212,250
			<b>Pinnacle Foods Holding Corporation</b>	Ba3	B+
			Term Loan, 2.760%, maturing April 02, 2014		
	7,423,092				7,417,992
			<b>Selecta</b>	NR	NR
			Term Loan, maturing February 07, 2015		
SEK	4,375,000	(5)			618,690
			Term Loan, maturing June 28, 2015		
EUR	666,192	(5)			845,981
			<b>United Biscuits Holdco, Ltd.</b>	NR	NR
GBP	2,671,660				4,273,298



		Term Loan, 2.869%, maturing December 15, 2014		
		<b>Windsor Quality Foods Company</b>	B1	BB-
\$	1,500,000	Term Loan, 5.750%, maturing February 15, 2017		1,511,250
				<b>38,218,066</b>

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<b>Principal Amount</b>	<b>Borrower/Tranche Description</b>	<b>Bank Loan Ratings† (Unaudited)</b>		<b>Fair Value</b>
		<b>Moody's</b>	<b>S&amp;P</b>	
<b>Buildings &amp; Real Estate: 1.8%</b>				
	<b>Armstrong World Industries, Inc.</b>	B1	BB-	
\$ 2,250,000	Term Loan, 5.000%, maturing May 23, 2017			\$ 2,281,770
	<b>Capital Automotive, L.P.</b>	Ba3	B	
2,768,926	Term Loan, 4.750%, maturing December 14, 2012			2,883,144
	<b>CB Richard Ellis</b>	Ba1	BB	
1,496,250	Term Loan, 3.514%, maturing November 06, 2016			1,500,926
	<b>Contech Construction Products, Inc.</b>	Caa1	B	
995,102	Term Loan, 5.250%, maturing January 31, 2013			899,323
		B1	B+	

			<b>Custom Building Products, Inc.</b>		
			Term Loan, 5.750%, maturing March 19, 2015		1,000,458
991,780					
			<b>Goodman Global, Inc.</b>	B1	B+
			Term Loan, 5.750%, maturing October 28, 2016		3,225,416
3,192,000					
			<b>JMC Steel Group</b>	B3	B
			Term Loan, 3.553%, maturing December 09, 2013		2,263,384
2,269,878					
			<b>Realogy Corporation</b>	B1	B-
			Term Loan, maturing October 10, 2013		1,927,678
2,000,000	(5)				
					<b>15,982,099</b>
<b>Cargo Transport: 1.0%</b>					
			<b>Baker Tanks, Inc.</b>	B2	B
			Term Loan, 4.810%, maturing May 08, 2014		1,367,024
1,365,886	(5)				
			<b>Ceva Group, PLC</b>	B1	B
			Term Loan, 5.262%,		2,146,864
2,168,551					

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		maturing August 31, 2016		
		<b>Ceva Group, PLC</b>	NR	NR
702,710	(5)	Term Loan, 5.262%, maturing August 31, 2016		699,197
869,298	(5)	Term Loan, 5.303%, maturing August 31, 2016		860,605
		<b>Dockwise Transport, N.V.</b>	NR	NR
481,690		Term Loan, 2.053%, maturing January 11, 2015		469,648
481,690		Term Loan, 2.928%, maturing January 11, 2016		469,648
587,791		Term Loan, 2.053%, maturing April 10, 2015		573,096
493,871		Term Loan, 2.928%, maturing April 10, 2016		481,524
744,794		<b>Inmar, Inc.</b> Term Loan, 2.510%, maturing April 29,	B1	B
				731,760

	2013		
	<b>US</b>		
	<b>Shipping</b>		
	<b>Partners,</b>		
	<b>L.P.</b>	B3	B-
	Term		
	Loan,		
	9.200%,		
	maturing		
	August 07,		
1,041,390	2013		852,204
			<b>8,651,570</b>

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Cellular: 0.2%</b>				
	<b>NTELOS, Inc.</b>	Ba3	BB	
	Term Loan, 6.000%, maturing August 07, 2015			
\$ 1,484,990				\$ 1,496,128
				<b>1,496,128</b>
<b>Chemicals, Plastics &amp; Rubber: 6.2%</b>				
	<b>AZ Chem US, Inc.</b>	B1	B+	
	Term Loan, 6.750%, maturing November 21, 2016			
593,617				601,161
	<b>Brenntag Holding GmbH &amp; Co. KG</b>	Ba2	BBB-	
	Term Loan, 3.772%, maturing January 20, 2014			
695,099				700,312
	Term Loan, 3.777%, maturing January 20, 2014			
3,542,098				3,550,954
	<b>Celanese U.S Holdings, LLC</b>	Ba2	BB+	
	Term Loan, 0.260%, maturing April 02,			
3,200,000				3,213,779

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2014	
	<b>Chemtura Corporation</b> Ba1 BB+
765,000	Term Loan, 5.500%, maturing August 27, 2016 772,969
	<b>Cristal Inorganic Chemicals, Inc.</b> Ba3 BB-
2,555,340	Term Loan, 2.553%, maturing May 15, 2014 2,549,483
	<b>Cristal Inorganic Chemicals, Inc.</b> B3 B-
984,566	Term Loan, 6.053%, maturing November 18, 2014 981,489
	<b>Diversey, Inc.</b> Ba2 BB-
1,715,831	Term Loan, 5.250%, maturing November 24, 2015 1,720,120
	<b>General Chemical Corporation</b> B1 B
1,122,188	Term Loan, 6.751%, maturing October 06, 2015 1,140,423
	<b>Houghton International, Inc.</b> B1 B
597,427	Term Loan, 6.750%, maturing January 29, 2016 604,895
	<b>Huntsman International,</b> Ba2 BB-

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		<b>LLC</b>		
		Term Loan, 2.526%, maturing June 30, 2016		
	5,606,098			5,627,120
		<b>Ineos US Finance, LLC</b>	B1	B
		Term Loan, 7.001%, maturing December 14, 2012		
	121,367			126,373
		Term Loan, 7.501%, maturing December 16, 2013		
	1,845,179			1,907,454
		Term Loan, 8.001%, maturing December 16, 2014		
	2,149,532			2,222,078
		<b>ISP Chemco Inc.</b>	Ba3	BB
		Term Loan, 1.813%, maturing June 04, 2014		
	1,382,668			1,376,187
		<b>MacDermid, Inc.</b>	B2	B+
		Term Loan, 3.071%, maturing April 11, 2014		
EUR	1,627,073			2,186,896
		Term Loan, 2.262%, maturing April 12, 2014		
\$	2,391,577			2,366,664
		<b>Momentive Specialty Chemicals, Inc.</b>	Ba3	B-
		Term Loan, 2.499%, maturing		
	1,140,000			1,105,800



	May 05, 2013	
	Term Loan, 4.063%, maturing May 05, 2015	
1,164,807		1,166,234
See Accompanying Notes to Financial Statements		
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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b><i>Chemicals, Plastics &amp; Rubber:</i></b>				
<b><i>(continued)</i></b>				
\$ 965,000	Term Loan, 4.063%, maturing May 05, 2015			\$ 965,000
1,304,381	Term Loan, 4.063%, maturing May 05, 2015			1,306,012
2,926,060	Term Loan, 4.063%, maturing May 05, 2015			2,929,718
1,000,000	Term Loan, 4.063%, maturing May 05, 2015			998,125
	<b>Nalco Company</b>	Ba1	BB+	
997,500	Term Loan, 4.500%, maturing October 05, 2017			1,009,138
	<b>Omnova Solutions, Inc.</b>	Ba2	B+	
1,296,750	Term Loan, 5.750%,			1,315,391

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			maturing May 31, 2017		
			<b>Polypore, Inc.</b>	Ba2	BB-
3,143,061			Term Loan, 2.270%, maturing July 03, 2014		3,093,950
			<b>Rockwood Specialties Group, Inc.</b>	Ba1	BBB-
1,410,000			Term Loan, 3.750%, maturing February 09, 2018		1,428,213
			<b>Solutia, Inc.</b>	Ba1	BB+
1,098,309			Term Loan, 4.500%, maturing March 17, 2017		1,103,458
			<b>Styron S.A.R.L.</b>	B1	B+
3,400,000			Term Loan, 6.000%, maturing August 02, 2017		3,439,525
			<b>Taminco</b>	NR	NR
666,667	(5)		Term Loan, maturing August 31, 2015		656,667
666,667	(5)		Term Loan, maturing August 31, 2016		656,667
2,300,000	(5)		<b>Univar, Inc.</b>	B2	B
					2,311,859

Term  
Loan,  
maturing  
July 03,  
2017

55,134,114

**Containers, Packaging & Glass:**

5.5%

**Berry  
Plastics  
Corporation** B1 B

4,759,917

Term  
Loan,  
2.314%,  
maturing  
April 03,  
2015

4,642,242

**Bway  
Holding  
Corporation** Ba3 B

2,975,799

(5)

Term  
Loan,  
4.500%,  
maturing  
February  
17, 2018

2,996,258

265,390

(5)

Term  
Loan,  
5.001%,  
maturing  
February  
17, 2018

267,215

**Graham  
Packaging  
Company,  
L.P.** B1 B+

7,690,601

Term  
Loan,  
6.750%,  
maturing  
April 05,  
2014

7,766,130

**Graphic  
Packaging  
International,  
Inc.** Ba3 BB+

4,115,309

Term  
Loan,  
2.303%,  
maturing  
May 16,

4,116,737

			2014		
			<b>KLEOPATRA LUX 2 S.À. R.L</b>	NR	NR
			Term Loan, 2.957%, maturing January 03, 2016		
	4,584,264	(5)			4,120,107
			<b>Mivisa Envases SAU</b>	NR	NR
			Term Loan, maturing January 30, 2018		
EUR	1,200,000	(5)			1,674,994
			<b>Pro Mach, Inc.</b>	B1	B
			Term Loan, 2.520%, maturing December 14, 2011		
\$	2,292,702				2,258,311
			<b>Reynolds Group Holdings, Ltd.</b>	Ba3	BB
			Term Loan, 5.000%, maturing February 26, 2018		
EUR	1,000,000				1,383,751

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings† (Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Containers, Packaging &amp; Glass: (continued)</b>	<i>Description</i>			
\$ 8,300,000	(5) Term Loan, 4.250%, maturing February 09, 2018			\$ 8,362,251
	<b>Smurfit-Stone Container Corporation</b>	B2	BB+	
3,875,525	Term Loan, 6.750%, maturing July 15, 2016			3,914,280
	<b>Xerium Technologies, Inc.</b>	Ba3	BB-	
86,494	Term Loan, 6.500%, maturing November 25, 2014			86,764
360,390	Term Loan, 6.500%, maturing November 25, 2014			361,516
201,818	Term Loan, 6.500%, maturing November 25, 2014			202,449
115,325	Term Loan,			115,685

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		6.500%, maturing November 25, 2014		
		Term Loan, 6.500%, maturing November 25, 2014		852,719
850,063				
		Term Loan, 6.500%, maturing November 25, 2014		116,144
115,782				
		<b>Xerium Technologies, Inc.</b>	B3	B+
		Term Loan, 8.250%, maturing May 25, 2015		6,384,467
6,379,153	(5)			
				<b>49,622,020</b>
<b>Data and Internet Services: 9.7%</b>				
		<b>Activant Solutions, Inc.</b>	B1	B+
		Term Loan, 4.813%, maturing February 02, 2016		2,284,297
2,264,483				
		Term Loan, 2.813%, maturing May 01, 2013		12,010
12,018				
		Term Loan, 2.313%, maturing May 02, 2013		366,021
366,250				
		<b>Aspect Software, Inc.</b>	Ba3	B+

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1,240,625		Term Loan, 6.250%, maturing April 19, 2016			1,253,031
		<b>Attachmate Corporation</b>	B1	BB-	
1,650,000	(5)	Term Loan, maturing February 24, 2017			1,641,750
		<b>Audatex North America, Inc.</b>	Ba1	BB	
1,057,724		Term Loan, 2.063%, maturing May 16, 2014			1,053,096
		<b>AutoTrader.com, Inc.</b>	Ba3	BB+	
2,100,000	(5)	Term Loan, 4.750%, maturing December 11, 2016			2,120,116
		<b>Avaya, Inc.</b>	B1	B	
2,658,950	(5)	Term Loan, maturing October 24, 2014			2,585,553
5,341,050	(5)	Term Loan, maturing October 24, 2017			5,246,150
		<b>Carlson Wagonlit Holdings, B.V.</b>	B2	B-	
3,659,263		Term Loan, 4.054%, maturing			3,645,541



	August 04, 2014		
	<b>CCC Information Services Group, Inc.</b>	B1	B
	Term Loan, 5.500%, maturing November 11, 2015		
750,000			759,141
	<b>Dealer Computer Services, Inc.</b>	Ba3	BB-
	Term Loan, 5.250%, maturing April 21, 2017		
4,807,418			4,848,281
	<b>Fifth Third Processing Solutions</b>	Ba3	BB-
	Term Loan, 5.500%, maturing November 03, 2016		
1,200,000			1,212,300

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b><i>Data and Internet Services: (continued)</i></b>				
	<b>First American Payment Systems</b>	B1	B+	
\$ 2,250,000	Term Loan, 6.750%, maturing October 04, 2016			\$ 2,278,125
	<b>First Data Corporation</b>	B1	B+	
4,208,116	Term Loan, 3.012%, maturing September 24, 2014			3,995,320
14,032,208	Term Loan, 3.012%, maturing September 24, 2014			13,320,956
3,818,611	Term Loan, 3.012%, maturing September 24, 2014			3,625,076
	<b>Information Solutions Company</b>	Ba2	BB+	
621,875	Term Loan, 4.750%, maturing April 12, 2016			628,482

	<b>Orbitz Worldwide, Inc.</b>	B2	B+
3,159,183	Term Loan, 3.286%, maturing July 25, 2014		2,959,760
	<b>Property Data I, Inc.</b>	Ba3	B+
2,222,222	Term Loan, 7.000%, maturing December 21, 2016		2,227,778
	<b>Sabre, Inc.</b>	B1	B
11,844,153	Term Loan, 2.277%, maturing September 30, 2014		11,132,651
	<b>SAVVIS Communications Corporation</b>	B1	B
1,995,000	Term Loan, 6.750%, maturing August 04, 2016		2,017,133
	<b>Ship US Bidco, Inc.</b>	Ba2	BB
1,900,000	Term Loan, 6.250%, maturing October 15, 2017		1,919,950
	<b>Sungard Data Systems, Inc.</b>	Ba3	BB
1,440,000	Term Loan, 3.763%,		1,451,251

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			maturing February 26, 2014	
			Term Loan, 3.933%, maturing February 26, 2016	6,571,339
6,540,390				
			Term Loan, 2.014%, maturing February 28, 2014	241,056
241,726				
			<b>Trans Union, LLC</b>	Ba3 BB-
			Term Loan, 4.750%, maturing February 12, 2018	3,452,490
3,420,000				
			<b>Transfirst Holdings, Inc.</b>	B2 B
			Term Loan, 3.060%, maturing June 15, 2014	2,502,139
2,546,706	(5)			
			<b>Travelport, Inc.</b>	Ba3 B
			Term Loan, 4.803%, maturing August 21, 2015	132,944
136,295				
			Term Loan, 4.963%, maturing August 21, 2015	941,277
965,000				
598,833			Term Loan, 4.963%, maturing	584,112

August 21,  
2015

**87,009,126**

***Diversified / Conglomerate  
Manufacturing: 2.3%***

**Brand  
Services,  
Inc.**

B1

B

2,633,981

Term  
Loan,  
2.563%,  
maturing  
February  
07, 2014

2,594,471

See Accompanying Notes to Financial Statements

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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i> <i>(Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b><i>Diversified / Conglomerate</i></b>				
<b><i>Manufacturing: (continued)</i></b>				
\$ 1,152,204	Term Loan, 3.563%, maturing February 07, 2014			\$ 1,144,522
	<b>Clopay Ames True Temper Holding Corporation</b>	B1	BB+	
1,678,750	Term Loan, 7.750%, maturing September 28, 2016			1,687,144
	<b>Edwards (Cayman Islands II), Ltd.</b>	B2	B+	
1,900,353	Term Loan, 2.294%, maturing May 31, 2014			1,891,643
	<b>Edwards (Cayman Islands II), Ltd.</b>	B3	B+	
1,000,000	(5) Term Loan, maturing May 31, 2016			996,250
	<b>EPD, Inc.</b>	NR	NR	

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	1,224,756		Term Loan, 2.770%, maturing July 31, 2014		1,148,974
	175,417		Term Loan, 2.770%, maturing July 31, 2014		164,563
			<b>Ferretti, S.P.A.</b>	NR	NR
EUR	390,982	(3)	Term Loan, 3.694%, maturing January 31, 2015		372,374
EUR	387,966	(3)	Term Loan, 4.127%, maturing January 31, 2016		369,502
EUR	65,586	(3)	Term Loan, 6.627%, maturing January 31, 2017		61,107
			<b>Manitowoc Company, Inc.</b>	Ba2	BB
\$	525,777		Term Loan, 5.313%, maturing November 06, 2013		529,391
	265,814		Term Loan, 8.000%, maturing November 06, 2014		268,914
			<b>Rexnord Corporation / RBS Global,</b>	Ba3	BB-

		<b>Inc.</b>	
		Term Loan, 2.563%, maturing July 19, 2013	
941,515			942,244
		Term Loan, 2.813%, maturing July 19, 2013	
1,000,000			1,000,775
		<b>Sensata Technologies, B.V.</b>	B1 BB+
		Term Loan, 2.054%, maturing April 26, 2013	
4,995,536			4,993,978
		<b>Wire Rope Corporation Of America, Inc.</b>	Ba3 BB
		Term Loan, maturing February 10, 2014	
2,000,000	(5)		1,990,000
			<b>20,155,852</b>
<b>Diversified / Conglomerate Service: 4.3%</b>			
		<b>Affinion Group, Inc.</b>	Ba3 BB-
		Term Loan, 5.000%, maturing October 10, 2016	
6,781,250			6,823,634
		<b>AlixPartners, LLP</b>	Ba3 BB
2,568,000		Term Loan, 2.310%, maturing	2,548,740



	October 12, 2013		
	<b>Brock Holdings, Inc.</b>	B3	B
1,480,431	Term Loan, 2.803%, maturing February 26, 2014		1,473,028
	<b>Catalina Marketing Corporation</b>	Ba2	BB-
4,196,269	Term Loan, 3.012%, maturing October 01, 2014		4,185,778
	<b>Coach America Holdings, Inc.</b>	Caa1	B
835,791	Term Loan, 3.060%, maturing April 18, 2014		763,704
179,279	Term Loan, 3.040%, maturing April 20, 2014		163,816

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings† (Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b><i>Diversified / Conglomerate Service: (continued)</i></b>				
	<b>Fidelity National Information Services, Inc.</b>	Ba1	BBB-	
\$ 3,291,750	Term Loan, 5.250%, maturing July 18, 2016			\$ 3,329,098
	<b>ISS Holding A/S</b>	NR	NR	
EUR 3,032,921	Term Loan, 3.026%, maturing December 31, 2013			4,164,661
EUR 240,402	Term Loan, 3.026%, maturing December 31, 2013			330,108
EUR 42,895	Term Loan, 3.026%, maturing December 31, 2013			58,901
EUR 32,118	Term Loan, 3.026%, maturing December 31, 2013			44,102
EUR 227,055				311,781

		Term Loan, 3.026%, maturing December 31, 2013		
EUR	424,609	Term Loan, 3.026%, maturing December 31, 2013		583,053
		<b>ServiceMaster Company</b>	B1	B+
		Term Loan, 2.760%, maturing July 24, 2014		
\$	451,383	Term Loan, 2.760%, maturing July 24, 2014		445,988
		Term Loan, 2.775%, maturing July 24, 2014		
	4,532,638	Term Loan, 2.775%, maturing July 24, 2014		4,478,460
		<b>Valleycrest Companies, LLC</b>	B2	B
		Term Loan, 6.500%, maturing October 05, 2015		
	1,660,800	Term Loan, 6.500%, maturing October 05, 2015		1,646,268
		<b>Vertafore, Inc.</b>	B1	B+
		Term Loan, 5.250%, maturing July 29, 2016		
	800,000	Term Loan, 5.250%, maturing July 29, 2016		808,000
		<b>West Corporation</b>	Ba3	BB-
		Term Loan, 2.737%, maturing October 24, 2013		
	940,091	Term Loan, 2.737%, maturing October 24, 2013		939,503

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2,607,827	Term Loan, 4.590%, maturing July 15, 2016		2,631,569
2,303,582	Term Loan, 4.612%, maturing July 15, 2016		2,324,699
			<b>38,054,891</b>
<b><i>Diversified Nat'l Rsrcs, Precious Metals &amp; Minerals: 0.9%</i></b>			
	<b>Georgia Pacific, LLC</b>	Ba1	BBB+
4,335,969	Term Loan, 2.302%, maturing December 21, 2012		4,344,827
3,798,076	Term Loan, 3.552%, maturing December 23, 2014		3,814,165
			<b>8,158,992</b>
<b><i>Ecological: 0.1%</i></b>			
	<b>Synagro Technologies, Inc.</b>	B3	CCC+
868,500	Term Loan, 2.270%, maturing April 02, 2014		813,133
	<b>Synagro Technologies, Inc.</b>	Caa3	CCC-
485,000	Term Loan, 5.020%, maturing October 02, 2014		446,200
			<b>1,259,333</b>

**Electronics: 2.8%**

	<b>Aeroflex, Inc.</b>	Ba3	BB
	Term Loan, 4.313%, maturing August 15, 2014		
2,945,529			2,955,656
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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i> <i>(Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Electronics: (continued)</b>				
	<b>Brocade Communications Systems, Inc.</b>	Ba2	BBB-	
\$ 586,256	Term Loan, 7.000%, maturing October 07, 2013			\$ 590,506
	<b>FCI International S.A.S.</b>	B2	NR	
311,229	Term Loan, 2.802%, maturing September 30, 2012			303,448
284,586	Term Loan, 2.802%, maturing September 30, 2012			277,471
	<b>Freescal Semiconductor, Inc.</b>	B1	B-	
9,291,444	Term Loan, 4.510%, maturing December 01, 2016			9,297,215
	<b>Infor Enterprise Solutions Holdings, Inc.</b>	B1	B+	

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	482,500	Term Loan, 5.020%, maturing July 28, 2015		467,422
EUR	720,000	Term Loan, 5.821%, maturing July 28, 2015		978,909
\$	174,334	Term Loan, 6.020%, maturing July 28, 2015		172,482
	350,060	Term Loan, 6.020%, maturing July 28, 2015		346,231
		<b>Infor Enterprise Solutions Holdings, Inc.</b>	Caa2	CCC+
EUR	500,000	Term Loan, 7.112%, maturing March 02, 2014		593,529
		<b>Intersil Corporation</b>	Ba2	BB+
\$	497,500	Term Loan, 4.750%, maturing April 27, 2016		501,107
		<b>Kronos, Inc.</b>	Ba3	B+
	3,089,434	Term Loan, 2.053%, maturing June 11, 2014		3,088,763

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		<b>Kronos, Inc.</b>	Caa1	CCC+	
		Term Loan, maturing June 11, 2015			
1,766,154	(5)				1,753,438
		<b>Microsemi Corporation</b>	Ba1	BB+	
		Term Loan, 5.000%, maturing November 02, 2017			
1,800,000					1,809,000
		<b>Rovi Corporation</b>	Ba1	BB+	
		Term Loan, 4.000%, maturing February 07, 2018			
625,000					632,422
		<b>Spansion, LLC</b>	NR	BB-	
		Term Loan, 6.500%, maturing January 08, 2015			
1,046,323					1,057,222
					<b>24,824,821</b>
<b>Finance: 3.0%</b>					
		<b>BNY ConvergEx Group, LLC</b>	B1	B+	
		Term Loan, 5.250%, maturing December 16, 2016			
864,005					880,205
		Term Loan, 5.250%, maturing December 19, 2016			
2,059,095					2,097,703
		<b>Interactive Data</b>	Ba3	B+	



	<b>Corporation</b>		
	Term Loan, 4.750%, maturing February 12, 2018		
4,975,000			5,028,302
	<b>LPL Holdings, Inc.</b>	Ba3	BB-
	Term Loan, 4.250%, maturing June 25, 2015		
5,325,991			5,355,951
	Term Loan, 2.040%, maturing June 28, 2013		
1,692,018			1,698,363
	Term Loan, 5.250%, maturing June 28, 2017		
1,927,739			1,953,041

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Finance: (continued)</b>				
	<b>MSCI, Inc.</b>	Ba2	BB+	
	Term Loan, 4.750%, maturing June 01, 2016			
\$ 4,754,200				\$ 4,791,345
	<b>Nuveen Investments, Inc.</b>	B3	B	
	Term Loan, 3.303%, maturing November 13, 2014			
2,256,705				2,198,407
	Term Loan, 5.804%, maturing May 12, 2017			
2,636,835				2,636,287
				<b>26,639,604</b>
<b>Gaming: 4.5%</b>				
	<b>Cannery Casino Resorts, LLC</b>	B3	B	
	Term Loan, 4.513%, maturing May 17, 2013			
1,520,283				1,512,682
1,266,624	Term Loan, 4.513%, maturing May 20,			1,260,291

		2013			
				<b>Fontainebleau Las Vegas, LLC</b>	
		(2)		NR	NR
	535,170	(3)	Term Loan, 6.000%, maturing June 06, 2014		131,117
	1,070,339	(3)	Term Loan, 6.000%, maturing June 06, 2014		262,233
				<b>Gala Group</b>	
				NR	NR
GBP	1,495,189	(5)	Term Loan, maturing October 25, 2013		2,288,364
GBP	1,504,811	(5)	Term Loan, maturing October 27, 2014		2,303,090
				<b>Global Cash Access, Inc.</b>	
				B1	BB-
\$	900,000	(5)	Term Loan, maturing February 17, 2016		910,125
				<b>Golden Nugget, Inc.</b>	
				Caa3	CC
	1,220,871		Term Loan, 3.270%, maturing June 30, 2014		1,064,701
	2,143,063		Term Loan, 3.270%, maturing		1,868,929

		June 30, 2014		
	(2)	<b>Green Valley Ranch Gaming, LLC</b>	C	NR
750,000	(3)	Term Loan, 3.507%, maturing August 16, 2014		17,822
		<b>Harras Operating Company, Inc.</b>	B3	B
3,156,834		Term Loan, 3.303%, maturing January 28, 2015		2,939,793
2,415,817		Term Loan, 3.303%, maturing January 28, 2015		2,249,723
7,249,697		Term Loan, 3.303%, maturing January 28, 2015		6,737,041
1,540,000		Term Loan, 9.500%, maturing October 31, 2016		1,637,533
		<b>Isle Of Capri Casinos, Inc.</b>	B2	B+
1,186,457		Term Loan, 5.000%, maturing November 25, 2013		1,187,728

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2,966,142	Term Loan, 5.000%, maturing November 25, 2013			2,969,319
838,117	Term Loan, 5.000%, maturing November 25, 2013			839,014
	<b>Las Vegas Sands, LLC</b>	Ba3	BB-	
1,099,157	Term Loan, 3.040%, maturing November 23, 2016			1,096,683
4,478,638	Term Loan, 3.040%, maturing November 23, 2016			4,467,441
	<b>Seminole Tribe Of Florida</b>	Ba1	BBB-	
16,271	Term Loan, 1.813%, maturing March 05, 2014			16,230

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i> <i>(Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Gaming: (continued)</b>				
	<b>VML US Finance, LLC</b>	Ba3	BB-	
\$ 863,233	Term Loan, 4.790%, maturing May 25, 2012			\$ 866,287
2,117,891	Term Loan, 4.790%, maturing May 27, 2013			2,123,186
1,587,986	Term Loan, 4.790%, maturing May 27, 2013			1,593,606
				<b>40,342,938</b>
<b>Healthcare, Education and Childcare: 17.4%</b>				
	<b>Bausch &amp; Lomb, Inc.</b>	B1	BB-	
381,410	Term Loan, 3.512%, maturing April 24, 2015			382,690
1,570,850	Term Loan, 3.543%, maturing April 24, 2015			1,576,122

	<b>Biomet, Inc.</b>	B1	BB-
	Term Loan, 3.293%, maturing March 25, 2015		
5,903,398			5,911,681
	<b>Bright Horizons Family Solutions, Inc.</b>	Ba2	BB-
	Term Loan, 7.500%, maturing May 28, 2015		
458,824			462,511
	<b>Catalent Pharma Solutions, Inc.</b>	Ba3	BB-
	Term Loan, 2.512%, maturing April 10, 2014		
6,347,556			6,284,080
	<b>CHG Medical Staffing, Inc.</b>	Ba3	B+
	Term Loan, 7.250%, maturing October 05, 2016		
1,975,000			2,009,563
	<b>CHS/Community Health Systems, Inc.</b>	Ba3	BB
	Term Loan, 3.810%, maturing January 25, 2017		
12,706,050			12,765,565
25,274,178	Term Loan,		25,116,215

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	2.560%, maturing July 25, 2014			
	Term Loan, 2.560%, maturing July 25, 2014			
1,300,424				1,292,297
	<b>ConvaTec</b>	Ba3	B+	
	Term Loan, 5.750%, maturing December 22, 2016			
1,045,000				1,052,393
	<b>Davita, Inc.</b>	Ba2	BB	
	Term Loan, 4.500%, maturing October 20, 2016			
1,250,000				1,262,268
	<b>Emdeon Business Services, LLC</b>	Ba3	BB	
	Term Loan, 2.270%, maturing November 18, 2013			
2,247,682				2,236,444
	Term Loan, 4.500%, maturing November 18, 2013			
537,115				541,479
	<b>EMSC, L.P.</b>	Baa3	BB+	
	Term Loan, 3.263%, maturing April 08, 2015			
1,962,500				1,964,341
	<b>Gambro Holding</b>	NR	NR	



		<b>AB</b>		
	1,670,984	Term Loan, 2.563%, maturing June 05, 2014		1,629,209
SEK	2,111,070	Term Loan, 4.348%, maturing June 05, 2014		325,221
SEK	2,146,343	Term Loan, 4.348%, maturing June 05, 2014		330,655
\$	1,670,984	Term Loan, 3.313%, maturing June 05, 2015		1,629,209
SEK	2,146,343	Term Loan, 5.098%, maturing June 05, 2015		330,655
SEK	2,111,070	Term Loan, 5.098%, maturing June 05, 2015		325,221
		<b>Grifols, S.A.</b>	Ba3	BB
\$	2,850,000	(5) Term Loan, maturing November 23, 2016		2,889,769
	2,426,250	<b>Harlan Sprague Dawley, Inc.</b>	B3	B
		Term Loan, 3.790%,		2,270,565

maturing

July 11,

2014

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## ING Prime Rate Trust

## PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Healthcare, Education and Childcare:</b>				
<b>(continued)</b>				
	<b>HCA, Inc.</b>	Ba3	BB	
\$ 5,009,376	Term Loan, 2.553%, maturing November 18, 2013			\$ 5,001,376
12,013,480	Term Loan, 3.553%, maturing March 31, 2017			12,076,286
	<b>Health Management Associates, Inc.</b>	B1	BB-	
3,569,996	Term Loan, 2.053%, maturing February 28, 2014			3,552,642
	<b>HGI Holding, Inc.</b>	B1	B+	
2,101,518	Term Loan, 6.750%, maturing September 29, 2016			2,123,409
	<b>lasis Healthcare, LLC</b>	Ba2	B+	
1,241,094	Term Loan, 2.262%, maturing March 14, 2014			1,238,767
3,585,701	Term Loan, 2.262%,			3,578,978

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		maturing March 14, 2014		
	339,445	Term Loan, 2.266%, maturing March 14, 2014		338,808
		<b>IM US Holdings, LLC</b>	Ba2	BB
	4,357,614	Term Loan, 2.262%, maturing June 26, 2014		4,339,229
		<b>IM US Holdings, LLC</b>	B1	B-
	1,000,000	Term Loan, 4.512%, maturing June 26, 2015		996,250
		<b>IMS Health, Inc.</b>	Ba3	BB
EUR	989,818	Term Loan, 5.500%, maturing January 31, 2016		1,380,479
		<b>inVentiv Health, Inc.</b>	Ba3	BB-
\$	1,980,480	Term Loan, 5.250%, maturing February 26, 2016		2,003,172
	2,129,300	Term Loan, 4.750%, maturing August 14, 2016		2,142,608
	766,667	Term Loan, 4.750%, maturing August 04, 2016		771,458
		<b>Medassets, Inc.</b>	Ba3	BB-
	1,750,000			1,766,770

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		Term Loan, 5.250%, maturing November 16, 2016		
		<b>Molnlycke Health Care Group</b>	NR	NR
EUR	200,000	Term Loan, 2.862%, maturing March 30, 2015		274,996
EUR	146,261	Term Loan, 3.112%, maturing March 30, 2016		201,107
GBP	250,000	Term Loan, 2.603%, maturing March 31, 2015		399,328
GBP	169,203	Term Loan, 2.853%, maturing March 31, 2016		270,271
		<b>Nyco Holdings 3 ApS</b>	NR	NR
EUR	504,944	Term Loan, 4.872%, maturing December 29, 2014		690,564
EUR	366,234	Term Loan, 4.872%, maturing December 29, 2014		500,865

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b><i>Healthcare, Education and Childcare: (continued)</i></b>					
EUR	51,795	Term Loan, 4.872%, maturing December 29, 2014			\$ 70,835
EUR	81,310	Term Loan, 4.872%, maturing December 29, 2014			111,200
EUR	1,317,855	Term Loan, 4.872%, maturing December 29, 2014			1,802,308
EUR	366,144	Term Loan, 5.372%, maturing December 29, 2015			500,742
EUR	504,819	Term Loan, 5.372%, maturing December 29, 2015			690,394
EUR	1,317,531	Term Loan, 5.372%, maturing December 29, 2015			1,801,865
EUR	81,290	Term Loan, 5.372%, maturing December 29, 2015			111,173
EUR	51,782	Term Loan, 5.372%, maturing December 29, 2015			70,818

			29, 2015	
			<b>Onex Carestream Finance, L.P.</b>	B1 BB-
\$	4,700,000	(5)	Term Loan, maturing February 25, 2017	4,676,918
			<b>Quintiles Transnational Corporation</b>	Ba2 BB
	2,877,894		Term Loan, 2.310%, maturing March 29, 2013	2,874,297
			<b>Rural/Metro Operating Company, LLC</b>	B1 B+
	1,000,000		Term Loan, 6.000%, maturing November 24, 2016	1,014,167
			<b>Skilled Healthcare Group, Inc.</b>	B1 B+
	1,240,625		Term Loan, 5.250%, maturing April 08, 2016	1,242,693
			<b>Sterigenics International, Inc.</b>	B3 B+
	1,573,466		Term Loan, 2.560%, maturing November 21, 2013	1,541,996
			<b>Sun Healthcare Group, Inc.</b>	Ba2 B+
	1,483,333		Term Loan, 7.500%, maturing October	1,497,240

	15, 2016		
	<b>Sunquest Information Systems, Inc.</b>	Ba3	B+
2,666,666	Term Loan, 6.250%, maturing December 16, 2016		2,681,666
	<b>Surgical Care Affiliates, LLC</b>	Ba3	B
2,895,000	Term Loan, 2.303%, maturing December 29, 2014		2,847,956
	<b>Team Health, Inc.</b>	Ba3	BB
985,073	Term Loan, 2.273%, maturing November 23, 2012		985,073
	<b>United Surgical Partners International, Inc.</b>	Ba3	B
1,614,516	Term Loan, 2.289%, maturing April 19, 2014		1,599,380
305,065	Term Loan, 2.270%, maturing April 21, 2014		302,205
	<b>Universal Health Services, Inc.</b>	Ba2	BB+
3,125,000	Term Loan, 5.500%, maturing November 15, 2016		3,161,447





## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Healthcare, Education and Childcare: (continued)</b>				
	<b>Vanguard Health Holdings Company II, LLC</b>	Ba2	BB-	
\$	2,233,167	Term Loan, 5.000%, maturing January 29, 2016		\$ 2,254,941
	<b>VWR International, Inc.</b>	B1	B+	
EUR	2,450,636	Term Loan, 3.362%, maturing June 29, 2014		3,326,235
\$	1,470,382	Term Loan, 2.762%, maturing June 30, 2014		1,466,706
	<b>Warner Chilcott Company, LLC</b>	Ba3	BB	
	1,052,016	Term Loan, 6.000%, maturing October 30, 2014		1,055,523
	389,032	Term Loan, 6.500%,		392,860

		maturing February 22, 2016	
		Term Loan, 6.250%, maturing April 30, 2015	874,353
	866,915		
		Term Loan, 6.250%, maturing April 30, 2015	525,080
	520,613		
			<b>155,715,587</b>

**Home & Office Furnishings: 0.9%**

		<b>Global Garden Products Italy, S.P.A.</b>	NR	NR
		Term Loan, 3.384%, maturing August 31, 2016		905,596
EUR	745,552			
		Term Loan, 3.384%, maturing August 31, 2017		905,596
EUR	745,552			
		<b>Hilding Anders</b>	NR	NR
		Term Loan, 5.200%, maturing March 31, 2015		3,198,788
SEK	25,187,946			
		Term Loan, 4.263%, maturing April 25, 2015		360,379
EUR	322,330			
		<b>National Bedding Company</b>	B1	BB-

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\$	934,252	Term Loan, 3.813%, maturing February 28, 2013		934,252
		<b>Springs Window Fashions, LLC</b>	B2	B+
	2,027,488	Term Loan, 3.063%, maturing December 31, 2012		2,028,705
				<b>8,333,316</b>
<b>Insurance: 2.3%</b>				
		<b>AmWINS Group, Inc.</b>	B2	B-
	1,898,650	Term Loan, 2.816%, maturing June 08, 2013		1,895,090
		<b>Applied Systems, Inc.</b>	Ba3	B+
	1,955,000	Term Loan, 5.500%, maturing December 08, 2016		1,968,847
		<b>Applied Systems, Inc.</b>	Caa1	CCC+
	400,000	Term Loan, 9.250%, maturing June 07, 2017		403,000
	2,622,553	<b>C.G. JCF Corporation</b>	B2	B
		Term Loan, 3.270%, maturing		2,599,606

	August 01, 2014	
	<b>HMSC Corporation B3</b>	B-
2,486,845	Term Loan, 2.512%, maturing April 03, 2014	2,163,555
	<b>Hub International, Ltd.</b>	B2 B
444,113	Term Loan, 2.803%, maturing June 13, 2014	444,168
1,975,737	Term Loan, 2.803%, maturing June 13, 2014	1,975,984
987,500	Term Loan, 6.750%, maturing June 13, 2014	996,758

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings† (Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Insurance: (continued)</b>				
	<b>Sedgwick Holdings, Inc.</b>	B2	B+	
\$ 3,610,500	Term Loan, maturing December 30, 2016	(5)		\$ 3,644,349
	Term Loan, 5.500%, maturing May 27, 2016			1,397,299
1,389,500				
	<b>USI Holdings Corporation</b>	B2	B-	
	Term Loan, 7.000%, maturing April 15, 2014			592,500
592,500				
	Term Loan, 2.760%, maturing May 05, 2014			2,214,480
2,225,608				
				<b>20,295,636</b>
<b>Leisure, Amusement, Entertainment: 2.3%</b>				
	<b>24 Hour Fitness Worldwide, Inc.</b>	Ba3	B+	
2,738,750	Term Loan, 6.750%,	(5)		2,680,552

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	maturing April 22, 2016		
	<b>Alpha D2, Ltd.</b>	NR	NR
1,221,225	Term Loan, 2.707%, maturing December 31, 2013		1,206,112
824,903	Term Loan, 2.707%, maturing December 31, 2013		814,694
	<b>AMF Bowling Worldwide, Inc.</b>	B2	B
1,820,079	Term Loan, 2.763%, maturing June 08, 2013		1,674,473
	<b>Cedar Fair, L.P.</b>	Ba2	BB-
3,077,294	Term Loan, 4.000%, maturing December 15, 2016		3,110,815
	<b>HIT Entertainment, Inc.</b>	B2	CCC+
3,370,589	Term Loan, 5.561%, maturing June 01, 2012		3,311,604
	<b>Live Nation Entertainment, Inc.</b>	Ba2	BB-
992,500	Term Loan, 4.500%,		999,522

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			maturing November 07, 2016		
			<b>NEP II, Inc.</b>	B1	B+
			Term Loan, 2.544%, maturing February 16, 2014		
	4,205,581				4,174,039
			<b>Regal Cinemas Corporation</b>	Ba2	BB-
			Term Loan, maturing August 23, 2017		
	2,600,000	(5)			2,616,791
					<b>20,588,602</b>
<b>Lodging: 0.5%</b>					
			<b>Audio Visual Services Corporation</b>	NR	NR
			Term Loan, 2.560%, maturing February 28, 2014		
	967,500				822,375
			<b>Scandic Hotels AB</b>	NR	NR
			Term Loan, maturing July 09, 2015		
EUR	1,250,000	(5)			1,625,088
			Term Loan, maturing July 09, 2016		
EUR	1,250,000	(5)			1,625,088
					<b>4,072,551</b>
<b>Machinery: 1.0%</b>					
			<b>Alliance Laundry Systems, LLC</b>	B1	B+
			Term Loan,		
\$	489,474				494,063



	6.250%, maturing September 30, 2016	
	<b>Bucyrus International, Inc.</b>	Ba2 BB+
2,977,879	Term Loan, 4.250%, maturing February 19, 2016	2,997,234

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings† (Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b><i>Machinery: (continued)</i></b>				
	<b>Kion Group GmbH</b>	NR	NR	
\$ 509,578	Term Loan, 4.010%, maturing December 23, 2014			\$ 492,061
EUR 1,262,640	Term Loan, 4.622%, maturing December 23, 2014			1,712,323
\$ 509,578	Term Loan, 4.260%, maturing December 23, 2015			492,061
EUR 1,167,782	Term Loan, 4.872%, maturing December 23, 2015			1,583,682
	<b>NACCO Materials Handling Group, Inc.</b>	NR	NR	
\$ 987,080	Term Loan, 2.073%, maturing March 22, 2013			974,742
				<b>8,746,166</b>

**Mining, Steel, Iron & Nonprecious  
Metals: 1.2%**

			<b>Fairmount Minerals, Ltd.</b>	B1	BB	
			Term Loan, 6.253%, maturing August 05, 2016			
	1,996,811					2,022,604
			<b>Noranda Aluminum Acquisition Corporation</b>	Ba3	B+	
			Term Loan, 2.012%, maturing May 18, 2014			
	630,724					629,673
			<b>Novelis, Inc.</b>	Ba2	BB-	
			Term Loan, 5.250%, maturing December 19, 2016			
	5,175,000					5,249,851
			<b>Oxbow Carbon, LLC</b>	Ba3	BB	
			Term Loan, 3.948%, maturing May 08, 2016			
	3,159,494					3,195,038
						<b>11,097,166</b>
			<b>Non-North American Cable: 3.4%</b>			
			<b>Casema Bidco / Serpering Investments, B.V.</b>	NR	NR	
			Term Loan, maturing March 14, 2016			
EUR	2,000,000	(5)				2,783,605
EUR	24,286					33,750

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		Term Loan, 4.362%, maturing September 14, 2015		
EUR	224,968	Term Loan, 3.612%, maturing September 15, 2014		312,638
EUR	494,984	Term Loan, 3.612%, maturing September 15, 2014		687,880
EUR	285,113	Term Loan, 3.612%, maturing September 15, 2014		396,222
		<b>Kabel Deutschland</b>	NR	NR
EUR	2,570,000	Term Loan, 4.862%, maturing December 13, 2016		3,579,891
		<b>Numericable / YPSO France S.A.S.</b>	NR	NR
EUR	234,831	Term Loan, 5.122%, maturing December 31, 2015		291,839
EUR	441,061	Term Loan, 5.122%, maturing December 31, 2015		548,134
EUR	66,312	Term Loan, 4.622%,		82,816

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		maturing June 16, 2014	
		Term Loan, 4.622%, maturing June 16, 2014	
EUR	108,194		135,122
		Term Loan, 4.622%, maturing June 16, 2014	
EUR	171,831		214,597

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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i> <i>(Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Non-North American Cable:</b>				
<i>(continued)</i>				
	<b>UPC Broadband Holding, B.V.</b>	Ba3	B+	
\$	644,864	Term Loan, 3.760%, maturing December 29, 2017		\$ 646,745
	256,219	Term Loan, 3.760%, maturing December 30, 2016		257,179
EUR	5,268,168	Term Loan, 4.629%, maturing December 31, 2016		7,255,424
EUR	3,648,797	Term Loan, 4.879%, maturing December 31, 2017		5,031,540
GBP	5,000,000	<b>Virgin Media Investment Holdings, Ltd.</b> Term Loan, 4.528%, maturing December	Baa3	BBB-
				8,173,398

31, 2015

30,430,780

**North American Cable: 11.3%**

	<b>Atlantic Broadband</b>	Ba3	B+	
	Term Loan, 5.000%, maturing November 27, 2015			2,177,394
\$	2,171,739			
	<b>Block Communications, Inc.</b>	Ba1	BB	
	Term Loan, 2.303%, maturing December 22, 2011			928,625
	950,000			
	<b>Bresnan Communications, LLC</b>	Ba3	BB+	
	Term Loan, 4.500%, maturing December 14, 2017			2,220,473
	2,200,000			
	<b>Cequel Communications, LLC</b>	Ba2	BB-	
	Term Loan, 2.263%, maturing November 05, 2013			27,889,004
	27,876,013			
	<b>Charter Communications Operating, LLC</b>	Ba1	BB+	
	Term Loan, 2.270%, maturing March 06, 2014			689,674
	690,409			
	14,818,592			14,898,479
	Term Loan, 3.560%,			

			maturing September 06, 2016	
			<b>CSC Holdings, Inc.</b>	Baa3 BBB-
19,627,736			Term Loan, 2.012%, maturing March 29, 2016	19,740,870
			<b>Insight Midwest Holdings, LLC</b>	Ba3 B+
8,276,372			Term Loan, 2.024%, maturing April 07, 2014	8,265,977
			<b>Knology, Inc.</b>	B1 B+
1,600,000	(5)		Term Loan, maturing February 18, 2017	1,610,000
			<b>Mediacom Broadband, LLC</b>	Ba3 BB-
8,065,935			Term Loan, 2.010%, maturing January 31, 2015	7,965,111
			<b>Mediacom LLC Group</b>	Ba3 BB-
3,980,000			Term Loan, 4.500%, maturing October 23, 2017	3,989,950
3,555,000			Term Loan, 5.500%, maturing	3,590,550



March 31,  
2017

**San Juan  
Cable,  
LLC**

B1

BB-

Term  
Loan,  
2.060%,  
maturing  
October  
31, 2012

1,664,371

1,656,049

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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>North American Cable:</b>				
<i>(continued)</i>				
	<b>Wideopenwest Finance, LLC</b>	B1	B-	
	Term Loan, 2.764%, maturing June 28, 2014			
\$ 5,702,357				\$ 5,370,908
				<b>100,993,064</b>
<b>Oil &amp; Gas: 0.7%</b>				
	<b>CGGVeritas Services, Inc.</b>	Ba1	BB	
	Term Loan, 5.500%, maturing January 12, 2016			
1,953,550				1,968,202
	<b>Hercules Offshore, LLC</b>	Caa1	B-	
	Term Loan, 6.000%, maturing July 11, 2013			
1,151,839				1,147,040
	<b>MEG Energy Corporation</b>	B1	BBB-	
	Term Loan, 6.000%, maturing April 03, 2016			
3,418,390				3,463,966

6,579,208

**Other Broadcasting and  
Entertainment: 1.8%**

	<b>Getty Images, Inc.</b>	Ba3	BB-	
3,491,250	Term Loan, 5.250%, maturing November 07, 2016			3,543,619
	<b>TWCC Holding Corporation</b>	Ba3	BB-	
2,000,000	Term Loan, 4.250%, maturing February 13, 2017			2,022,750
	<b>Nielson Finance, LLC</b>	Ba2	BB-	
4,731,668	Term Loan, 3.764%, maturing May 02, 2016			4,757,300
5,911,642	Term Loan, 4.014%, maturing May 02, 2016			5,955,365
166,624	Term Loan, 2.264%, maturing August 09, 2013			166,772
				<b>16,445,806</b>

**Other Telecommunications: 2.8%**

	<b>Alaska Communications Systems Holdings, Inc.</b>	Ba3	BB-	
2,000,000	Term Loan,			2,015,000

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		5.500%, maturing October 21, 2016	
		<b>Asurion Corporation</b> Ba3	B+
	2,500,000	Term Loan, 6.750%, maturing March 31, 2015	2,537,948
	5,184,375	Term Loan, 3.271%, maturing July 03, 2014	5,113,090
		<b>BCM Ireland Holdings, Ltd.</b> B3	B
EUR	1,679,980	Term Loan, 2.747%, maturing September 30, 2014	2,094,442
EUR	1,680,261	Term Loan, 2.997%, maturing September 30, 2015	2,094,793
		<b>Consolidated Communications, Inc.</b> B1	B+
\$	1,000,000	Term Loan, 2.760%, maturing December 31, 2014	995,000
	938,165	(2) <b>Hawaiian Telcom Communications, Inc.</b> NR	NR
		Term Loan, 9.000%, maturing	957,710

		November 01, 2015	
		<b>U.S. Telepacific Corporation</b>	B3 B-
		Term Loan, maturing February 23, 2017	
3,100,000	(5)		3,126,158

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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings† (Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Other Telecommunications: (continued)</b>				
	<b>Wind Telecomunicazioni, S.P.A.</b>	Ba2	BB-	
	Term Loan, maturing December 15, 2017			
EUR	4,500,000	(5)		\$ 6,235,935
				<b>25,170,076</b>
<b>Personal &amp; Nondurable Consumer Products: 2.2%</b>				
	<b>Advantage Sales &amp; Marketing, Inc.</b>	Ba3	B+	
	Term Loan, 5.250%, maturing December 18, 2017			
\$	2,000,000			2,018,564
	<b>Advantage Sales &amp; Marketing, Inc.</b>	B3	B-	
	Term Loan, 9.250%, maturing June 18, 2018			
	365,000			373,517
	<b>Bushnell, Inc.</b>	B2	B-	
	Term Loan, 4.553%, maturing August 24,			
	2,441,336	(5)		2,429,130

	2013		
	<b>Fender Musical Instruments Corporation</b>	B2	B
1,003,220	Term Loan, 2.520%, maturing June 09, 2014		945,535
1,985,839	Term Loan, 2.520%, maturing June 09, 2014		1,871,653
	<b>Hillman Group, Inc.</b>	Ba3	B+
895,500	Term Loan, 5.500%, maturing May 27, 2016		901,657
	<b>Huish Detergents, Inc.</b>	Ba2	BB
1,628,285	Term Loan, 2.010%, maturing April 26, 2014		1,612,002
	<b>Information Resources, Inc.</b>	Ba3	B
231,997	Term Loan, 3.318%, maturing May 16, 2014		231,417
3,613,168	<b>Jarden Corporation</b>	Ba1	BB+
	Term Loan, 3.553%, maturing January		3,641,544

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	26, 2015		
	<b>KIK Custom Products, Inc.</b>	B3	CCC+
287,505	Term Loan, 2.560%, maturing June 02, 2014		256,838
1,677,112	Term Loan, 2.560%, maturing June 02, 2014		1,498,220
	<b>Spectrum Brands, Inc.</b>	B2	B
2,100,000	Term Loan, 5.013%, maturing June 17, 2016		2,125,813
	<b>Yankee Candle Company, Inc.</b>	Ba2	BB-
1,324,495	Term Loan, 2.270%, maturing February 06, 2014		1,323,170
			<b>19,229,060</b>
<b>Personal, Food &amp; Miscellaneous:</b>			
<b>5.0%</b>			
	<b>Acosta, Inc.</b>	B1	B
4,688,197	Term Loan, 4.500%, maturing July 28, 2013		4,732,149
3,060,000	(5) Term Loan,	Ba3	B+
			3,089,324



		maturing February 15, 2018		
		<b>Advance Pierre Foods</b>	B1	B+
		Term Loan, 7.000%, maturing September 30, 2016		
	3,990,000			4,026,161
		<b>Burger King Corporation</b>	Ba3	BB-
		Term Loan, 4.500%, maturing October 19, 2016		
	3,440,860			3,464,158
		Term Loan, 4.750%, maturing October 19, 2016		
EUR	2,625,000			3,654,992
		<b>Dennys, Inc.</b>	B1	B+
		Term Loan, 6.500%, maturing September 20, 2016		
\$	2,016,000			2,037,395

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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i> <i>(Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Personal, Food &amp; Miscellaneous:</b> <i>(continued)</i>				
	<b>Dunkin Brands, Inc.</b>	B2	B	
	Term Loan, 4.250%, maturing November 29, 2017			
\$ 3,520,000	(5)			\$ 3,548,600
	<b>N.E.W. Customer Services Companies, Inc.</b>	Ba3	B+	
	Term Loan, 6.000%, maturing March 23, 2016			
2,573,214				2,577,074
	<b>NBTY, Inc.</b>	Ba3	BB-	
	Term Loan, 6.250%, maturing October 02, 2017			
2,898,734				2,936,479
	Term Loan, maturing October 02, 2017			
3,000,000	(5)			3,018,750
	<b>OSI Restaurant Partners, Inc.</b>	B3	B+	
671,679				662,024

		Term Loan, 2.560%, maturing June 14, 2013		
	6,714,065	Term Loan, 2.625%, maturing June 14, 2014		6,617,551
		<b>Seminole Hard Rock Entertainment, Inc.</b>	B2	BB
	750,000	Floating Rate Note, 2.792%, maturing March 15, 2014		735,000
		<b>Wendys/Arbys Restaurants, LLC</b>	Ba2	BB
	1,492,500	Term Loan, 5.000%, maturing May 24, 2017		1,508,825
		<b>Whitelabel IV, S.A.</b>	Ba3	B+
EUR	583,833	Term Loan, 6.750%, maturing August 11, 2017		822,990
EUR	966,167	Term Loan, 6.750%, maturing August 16, 2017		1,361,939
				<b>44,793,411</b>
		<b>Printing &amp; Publishing: 9.2%</b>		
		<b>Black Press, Ltd.</b>	B1	B-

\$	1,258,990	Term Loan, 2.311%, maturing August 02, 2013			1,196,040
	764,387	Term Loan, 2.311%, maturing August 02, 2013			726,167
		<b>Caribe Information Investments, Inc.</b>	B3	CCC-	
	1,836,411	Term Loan, 2.565%, maturing March 31, 2013			1,055,936
		<b>Cengage Learning, Inc.</b>	B2	B+	
	9,957,998	Term Loan, 2.550%, maturing July 03, 2014			9,610,096
		<b>Cenveo Corporation</b>	Ba3	BB-	
	2,380,000	Term Loan, 6.250%, maturing December 21, 2016			2,407,767
		<b>CW Acquisition Limited Partnership</b>	Ba3	BB	
	1,811,204	Term Loan, 9.000%, maturing July 13, 2016			1,863,276
		<b>Dex Media</b>	B1	B	

	<b>East, LLC</b>		
	Term Loan, 2.810%, maturing October 24, 2014		
2,293,823			1,821,951
	<b>Dex Media West, LLC</b>	Ba3	B
	Term Loan, 7.000%, maturing October 24, 2014		
2,069,008			1,906,444
	<b>Flint Group Holdings S.A.R.L.</b>	NR	NR
	Term Loan, 2.713%, maturing December 31, 2014		
841,151			842,728

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i> <i>(Unaudited)</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<b>Printing &amp; Publishing: (continued)</b>				
\$ 353,279	Term Loan, 2.713%, maturing December 31, 2014			\$ 353,942
1,277,104	Term Loan, 2.713%, maturing December 31, 2015			1,279,499
2,333,333	Term Loan, 2.713%, maturing May 29, 2015			2,337,708
EUR 666,667	Term Loan, 3.393%, maturing May 29, 2015			927,293
\$ 1,650,026	<b>Hanley Wood, LLC</b> Term Loan, 2.624%, maturing March 08, 2014	Caa1	CCC	847,701
1,371,342	<b>Intermedia Outdoor, Inc.</b> Term Loan, 3.053%, maturing January 31, 2013	NR	NR	1,244,493
EUR 1,487,172	<b>Mediannuaire Holding</b> Term Loan, 3.279%, maturing October 10,	NR	NR	1,596,009

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			2014	
			Term Loan, 3.779%, maturing October 09, 2015	1,595,094
EUR	1,486,320			
			<b>Merrill Communications, LLC</b>	B2 B-
			Term Loan, 7.500%, maturing December 24, 2012	4,761,595
\$	4,761,595	(5)		
			<b>Nelson Canada</b>	B1 B
			Term Loan, 2.803%, maturing July 05, 2014	2,559,417
	2,812,546			
			<b>PagesJaunes Groupe, S.A.</b>	NR NR
			Term Loan, 2.674%, maturing November 22, 2013	1,033,691
EUR	800,000			
			<b>PBL Media</b>	B1 NR
			Term Loan, 7.325%, maturing February 05, 2013	23,728,571
AUD	24,331,191			
			<b>Penton Media, Inc.</b>	Caa1 CCC+
			Term Loan, 5.006%, maturing August 01, 2014	1,366,742
\$	1,649,991			
			<b>Quad/Graphics, Inc.</b>	Ba2 BB+
			Term Loan, 5.500%, maturing April 14, 2016	2,787,511
	2,791,000			
			<b>R.H. Donnelley Corporation</b>	B1 B
	4,207,968			3,279,585

	Term Loan, 9.000%, maturing October 24, 2014		
	<b>Source Media, Inc.</b>	B1	B+
1,517,241	Term Loan, 6.500%, maturing January 21, 2017		1,541,897
482,759	Term Loan, 6.500%, maturing January 21, 2017		490,603
	<b>Springer Science + Business Media, S.A.</b>	B1	B+
2,000,000	Term Loan, 6.752%, maturing June 17, 2016		2,030,000
	<b>SuperMedia, Inc.</b>	B3	B-
6,632,921	Term Loan, 11.000%, maturing December 31, 2015		4,361,146
	<b>Thomas Nelson Publishers</b>	Caa2	CCC
993,020	Term Loan, 9.000%, maturing June 14, 2016		968,195
	(2) <b>Tribune Company</b>	NR	NR
1,491,225	(3) Term Loan, 3.250%, maturing June 04, 2014		1,069,954

See Accompanying Notes to Financial Statements



## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Printing &amp; Publishing: (continued)</b>				
	<b>Yell Group, PLC</b>	NR	NR	
	Term Loan, 4.113%, maturing July 31, 2014			
\$ 1,608,111				\$ 747,772
				<b>82,338,823</b>
<b>Radio and TV Broadcasting: 4.8%</b>				
	<b>Citadel Broadcasting Corporation</b>	Baa3	BB+	
	Term Loan, 4.250%, maturing December 30, 2016			
811,800				816,366
	<b>CMP KC, LLC</b>	NR	NR	
	Term Loan, 6.250%, maturing May 03, 2011			
1,338,663	(3)			167,333
	<b>CMP Susquehanna Corporation</b>	Caa1	B-	
	Term Loan, 2.313%, maturing May 05, 2013			
3,517,061				3,474,199
	<b>Cumulus Media,</b>	Caa1	B-	

		<b>Inc.</b>	
	3,427,316	Term Loan, 4.012%, maturing June 11, 2014	3,384,474
		<b>FoxCo Acquisition, LLC</b>	B2 B
	1,079,447	Term Loan, 7.500%, maturing July 14, 2015	1,081,871
		<b>Local TV Finance, LLC</b>	B2 B-
	1,803,655	Term Loan, 2.310%, maturing May 07, 2013	1,767,019
		<b>Nexstar Broadcasting, Inc.</b>	Ba3 BB-
	582,075	Term Loan, 5.000%, maturing September 30, 2016	583,530
	910,425	Term Loan, 5.000%, maturing September 30, 2016	914,977
		<b>ProSiebenSat.1 Media AG</b>	NR NR
EUR	220,233	Term Loan, 2.539%, maturing March 02, 2015	293,855
EUR	798,662	Term Loan, 2.919%,	1,074,145

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		maturing June 26, 2015		
		Term Loan, 2.582%, maturing July 02, 2014		85,910
EUR	64,386			
		Term Loan, 2.582%, maturing July 02, 2014		1,582,984
EUR	1,186,386			
		Term Loan, 2.957%, maturing July 03, 2015		48,328
EUR	35,934			
		<b>Regent Broadcasting, LLC</b>	NR	NR
		Term Loan, 5.250%, maturing April 27, 2014		1,419,610
\$	1,448,581			
		<b>Sinclair Television Group, Inc.</b>	Baa3	BB+
		Term Loan, 5.500%, maturing October 29, 2015		1,160,011
	1,145,455			
		<b>Spanish Broadcasting Systems</b>	Caa1	B-
		Term Loan, 2.060%, maturing June 11, 2012		1,907,032
	1,949,058			
		<b>Univision Communications,</b>	B2	B

			<b>Inc.</b>	
			Term Loan, 4.512%, maturing March 31, 2017	
23,519,693				22,997,039
				<b>42,758,683</b>
<b>Retail Stores: 9.7%</b>				
			<b>Amscan Holdings, Inc.</b>	
			B2	B
			Term Loan, 6.750%, maturing December 04, 2017	
2,496,250	(5)			2,527,441
			<b>Burlington Coat Factory</b>	
			B3	B-
			Term Loan, maturing February 18, 2017	
5,000,000	(5)			5,031,250
			<b>Claire's Stores, Inc.</b>	
			Caa1	B
			Term Loan, 4.722%, maturing May 29, 2014	
3,424,091				3,347,662
			<b>Dollar General Corporation</b>	
			Ba2	BBB-
			Term Loan, 3.030%, maturing July 07, 2014	
7,256,413				7,276,600

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Retail Stores: (continued)</b>				
	<b>General Nutrition Centers, Inc.</b>	B1	B+	
\$ 2,458,318	Term Loan, 3.296%, maturing September 16, 2013			\$ 2,455,245
	<b>Guitar Center, Inc.</b>	Caa1	B-	
3,782,785	Term Loan, 3.770%, maturing October 09, 2014			3,736,446
	<b>Harbor Freight Tools USA, Inc.</b>	Ba3	B+	
2,000,000	Term Loan, 6.500%, maturing December 22, 2017			2,025,416
	<b>HEMA Holding, B.V.</b>	NR	NR	
EUR 1,500,000	Term Loan, 3.661%, maturing July 05, 2016			2,060,746
EUR 1,500,000	Term Loan, 2.911%, maturing July 06, 2015			2,060,746
	<b>J. Crew</b>	B1	B	

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			Term Loan, maturing January 26, 2018		
\$	4,250,000	(5)			4,256,643
			<b>Leslies Poolmart, Inc.</b>	Ba3	B+
			Term Loan, 6.000%, maturing November 21, 2016		
	1,600,000				1,618,000
			<b>Maxeda DIY Group, B.V.</b>	NR	NR
			Term Loan, 4.212%, maturing June 27, 2016		
EUR	530,263				677,028
			Term Loan, 3.645%, maturing June 29, 2015		
EUR	530,263				677,028
			Term Loan, 3.638%, maturing August 01, 2015		
EUR	719,737				918,944
			Term Loan, 4.156%, maturing August 01, 2016		
EUR	719,737				918,944
			<b>Michaels Stores, Inc.</b>	B2	B+
			Term Loan, 2.584%, maturing October 31, 2013		
\$	1,705,830				1,704,092
			Term Loan, 4.834%, maturing July 31, 2016		
	2,295,650				2,320,760
			<b>Neiman Marcus Group, Inc.</b>	B2	BB-
	7,263,834		Term Loan, 4.303%,		
					7,317,790

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			maturing April 06, 2016		
			<b>Petco Animal Supplies, Inc.</b>	B1	B
	6,200,000	(5)	Term Loan, maturing November 24, 2017		6,234,875
			<b>Pets at Home Group, Ltd.</b>	NR	BB-
GBP	2,500,000		Term Loan, 5.615%, maturing January 24, 2017		4,097,501
			<b>Picard Groupe</b>	NR	NR
EUR	810,628		Term Loan, 5.995%, maturing October 31, 2017		1,131,698
EUR	189,372		Term Loan, 5.995%, maturing September 14, 2017		264,378
			<b>Pilot Travel Centers, LLC</b>	Ba2	BBB-
\$	1,158,843		Term Loan, 5.250%, maturing June 30, 2016		1,172,967
			<b>Rite Aid Corporation</b>	B3	B+
	3,852,438		Term Loan, 2.020%, maturing June 04, 2014		3,738,791
	1,375,887		Term Loan, 6.000%, maturing June 04, 2014		1,381,046

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	<b>Sally Holding, LLC</b>	B1	BB+	
	Term Loan, 2.510%, maturing November 15, 2013			
2,281,384				2,287,943
	<b>Savers</b>	Ba3	B+	
	Term Loan, 5.750%, maturing March 11, 2016			
1,488,750				1,500,536
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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Retail Stores: (continued)</b>				
	<b>The Gymboree Corporation</b>	B1	B+	
\$ 5,148,000	Term Loan, 5.000%, maturing February 23, 2018			\$ 5,176,958
	<b>Toys "R" Us, Inc.</b>	B1	BB-	
3,825,775	Term Loan, 6.000%, maturing September 01, 2016			3,865,230
	<b>Vivarte S.A.S.</b>	NR	NR	
EUR 1,863,011	Term Loan, 3.403%, maturing March 08, 2016			2,504,013
EUR 1,863,011	Term Loan, 2.778%, maturing March 09, 2015			2,504,013
				<b>86,790,730</b>
<b>Satellite: 0.3%</b>				
	<b>Intelsat Jackson Holdings, S.A.</b>	B1	BB-	
\$ 3,000,000	Term Loan,			3,028,125

5.250%,  
maturing  
April 02,  
2018

3,028,125

**Telecommunications Equipment:**  
**1.6%**

		<b>CommScope, Inc.</b>	Ba3	BB	
		Term Loan, 5.000%, maturing January 14, 2018			1,400,679
	1,378,000				
		<b>Macquarie UK Broadcast Ventures, Ltd.</b>	NR	NR	
		Term Loan, 2.615%, maturing December 01, 2014			6,613,702
GBP	4,383,255				
		<b>Sorenson Communications, Inc.</b>	B1	CCC+	
		Term Loan, 6.000%, maturing August 16, 2013			1,198,104
\$	1,241,789				
		<b>Syniverse Holdings, Inc.</b>	B1	BB-	
		Term Loan, 5.250%, maturing December 21, 2017			1,286,669
	1,270,000				
		<b>TDF, S.A.</b>	NR	NR	
		Term Loan, 3.112%, maturing January 29, 2016			1,948,072
EUR	1,500,000				

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EUR	1,500,000	Term Loan, 2.862%, maturing January 30, 2015	1,948,072
			<b>14,395,298</b>

**Textiles & Leather: 0.4%**

		<b>Phillips-Van Heusen Corporation</b>	Ba2	BBB
EUR	650,683	Term Loan, 5.000%, maturing May 06, 2016		
			900,383	

\$	1,041,093	Term Loan, 5.250%, maturing May 06, 2016		
			1,041,093	

		<b>Targus Group, Inc.</b>	B2	CCC
	2,000,000	Term Loan, 8.750%, maturing November 22, 2012		
			2,000,000	
			<b>3,941,476</b>	

**Utilities: 5.3%**

		<b>EquiPower Resource Holdings, LLC</b>	Ba3	BB-
	750,000	Term Loan, 5.750%, maturing January 26, 2018		
			758,438	

		<b>FirstLight Power Resources, Inc.</b>	B1	B+
	1,669,868	Term Loan, 2.813%,		
			1,665,693	

maturing  
November  
01, 2013

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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<i>Principal Amount</i>	<i>Borrower/Tranche</i>	<i>Bank Loan Ratings†</i>		<i>Fair Value</i>
		<i>Moody's</i>	<i>S&amp;P</i>	
<i>Utilities: (continued)</i>	<i>Description</i>			
\$ 90,682	Term Loan, 2.813%, maturing November 01, 2013			\$ 90,456
	<b>FirstLight Power Resources, Inc.</b>	B3	CCC+	
610,514	Term Loan, 4.813%, maturing May 01, 2014			576,936
	<b>Great Point Power, LLC</b>	Ba1	BB+	
983,864	Term Loan, 5.500%, maturing March 10, 2017			988,168
	<b>MACH Gen, LLC</b>	Ba3	BB-	
444,571	Term Loan, 2.303%, maturing February 22, 2013			414,933
	<b>New Development Holdings, LLC</b>	Ba3	BB-	

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4,356,414	Term Loan, 7.000%, maturing July 03, 2017			4,411,549
	<b>NRG Energy, Inc.</b>	Baa3	BB+	
372,548	Term Loan, 2.038%, maturing February 01, 2013			372,149
2,892	Term Loan, 2.053%, maturing February 01, 2013			2,889
7,554,620	Term Loan, 3.553%, maturing August 31, 2015			7,622,294
1,772,827	Term Loan, 3.553%, maturing August 31, 2015			1,788,657
	<b>Race Point Power</b>	Ba2	BB	
3,000,000	Term Loan, 7.750%, maturing November 09, 2017			3,018,750
	<b>Texas Competitive Electric Holdings Company, LLC</b>	B2	B-	
6,338,938	Term Loan, 3.766%,			5,346,894

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		maturing October 10, 2014		
	7,907,425	Term Loan, 3.766%, maturing October 10, 2014		6,569,338
	2,915,848	Term Loan, 3.766%, maturing October 10, 2014		2,464,621
	5,805,000	Term Loan, 3.787%, maturing October 10, 2014		4,906,676
		<b>TPF Generation Holdings, LLC</b>	Ba3	BB
	1,431,519	Term Loan, 2.303%, maturing December 13, 2013		1,432,862
	1,758,272	Term Loan, 2.303%, maturing December 15, 2013		1,759,921
		<b>TPF Generation Holdings, LLC</b>	B3	B
	1,500,000	Term Loan, 4.553%, maturing December 15, 2014		1,455,000
		<b>Viridian Group, PLC</b>	NR	NR
GBP	80,000			114,852

		Term Loan, 5.115%, maturing October 24, 2012	
		Term Loan, 5.280%, maturing October 24, 2012	
EUR	1,072,386		1,306,290
			<b>47,067,366</b>
		<b>Total Senior Loans (Cost \$1,235,716,587)</b>	<b>1,240,302,306</b>

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## ING Prime Rate Trust

PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

<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&amp;P</i>	
<b>Other Corporate Debt: 1.4%</b>				
<b>Diversified / Conglomerate</b>				
<b>Manufacturing: 0.7%</b>				
	<b>Flextronics International, Ltd.</b>	Ba1	BB+	
\$ 81,095	Term Loan, 2.512%, maturing October 01, 2014			\$ 80,936
2,389,338	Term Loan, 2.513%, maturing October 01, 2014			2,384,645
3,346,882	Term Loan, 2.513%, maturing October 01, 2014			3,340,308
<b>Cargo Transport: 0.0%</b>				
	<b>US Shipping Partners, L.P.</b>	Caa3	CCC-	
297,646	Subordinated Term Loan, 2.500%, maturing August 07, 2013			55,064
<b>Chemicals, Plastics &amp; Rubber: 0.7%</b>				
	<b>Lyondell Chemical Company</b>	B2	B	
5,269,044	Fixed Rate Note, 11.000%,			6,072,573

maturing  
May 01,  
2018

**Radio and TV Broadcasting: 0.0%**

	<b>Regent Broadcasting, LLC</b>	NR	NR
404,310	Subordinated Term Loan, 12.000%, maturing October 27, 2014		363,879
	<b>Total Other Corporate Debt (Cost \$11,967,826)</b>		<b>12,297,405</b>

**Equities and Other Assets: 1.7%**

	<i>Description</i>	<i>Value</i>
(1(R)	Allied Digital Technologies Corporation (Residual Interest in Bankruptcy Estate)	\$
(R)	Ascend Media (Residual Interest)	
(R)	Block Vision Holdings Corporation (719 Common Shares)	
(2(R)	Cedar Chemical (Liquidation Interest)	
(@)	Citadel (44,319 Class B Shares)	1,524,574
(@)	Citadel (53,898 Class A Shares)	1,848,701
(@)	Contech (Residual Interest)	
(2(R)	Enterprise Profit Solutions (Liquidation Interest)	
(4(R)	Euro United Corporation (Residual Interest in Bankruptcy Estate)	
(@)	Faith Media Holdings, Inc. (7,725 Class A-1 Shares)	397,817
(2(R)	Ferretti SPA (Warrants for 0.111% Participation Interest)	
(2(R)	Gainey Corporation (Residual Interest)	
(@)	Global Garden (138,579 Class A3 Shares)	
(@)	Global Garden (14,911 Class A1 Shares)	
(@)		574,330

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	Glodyne Technoserve, Ltd. (92,471 Common Shares)	
(@)	Glodyne Technoserve, Ltd. (Escrow Account)	137,105
(2(R)	Grand Union Company (Residual Interest in Bankruptcy Estate)	

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## ING Prime Rate Trust

## PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

	<i>Description</i>	<i>Value</i>
(@)	Hawaiian Telcom (31,238 Common Shares)	\$ 820,310
(2(R)), (@)	Kevco Inc. (Residual Interest in Bankruptcy Estate)	25
(2(R)), (@)	Lincoln Paper & Tissue (Warrants for 291 Common Shares, Expires August 14, 2015)	
(@), (R)	Lincoln Pulp and Eastern Fine (Residual Interest in Bankruptcy Estate)	
(@)	Mega Brands Inc. (195,762 Common Shares)	133,048
(@)	Metro-Goldwyn-Mayer, Inc. (351,820 Common Shares)	8,461,271
(@)	Northeast Biofuels (Residual Interest)	
(2), (@)	RDA Holding Co. (11,497 Common Shares)	330,539
(@), (R)	Safelite Realty Corporation (57,804 Common Shares)	305,205
(2(R)), (@)	Supermedia, Inc. (32,592 Common Shares)	274,425
(@)	Townsquare Media, LLC (314,505 Common Shares)	909,046
(@)	Townsquare Media, LLC (314,505 Preferred Shares)	
(1(R)), (@)	Transtar Metals (Residual Interest in Bankruptcy Estate)	
(2(R)), (@)	US Office Products Company (Residual Interest in Bankruptcy Estate)	
(2), (@)	US Shipping Partners, L.P. (19,404 Common Shares)	
(2), (@)	US Shipping Partners, L.P. (275,292 Contingency Rights)	
	<b>Total for Equities and Other Assets (Cost \$13,689,230)</b>	<b>15,716,396</b>
	<b>Total Investments (Cost \$1,261,373,643)**</b>	<b>141.9% \$ 1,268,316,107</b>
	<b>Other Assets and Liabilities Net</b>	<b>(41.9) (374,655,350)</b>
	<b>Net Assets</b>	<b>100.0% \$ 893,660,757</b>

\* Senior loans, while exempt from registration under the Securities Act of 1933, as amended, contain certain restrictions on resale and cannot be sold publicly. These senior loans bear interest (unless otherwise noted) at rates that float periodically at a margin above the London Inter-Bank Offered Rate ("LIBOR") and other short-term rates.

† Bank Loans rated below Baa are considered to be below investment grade.

NR Not Rated

(1) The borrower filed for protection under Chapter 7 of the U.S. Federal Bankruptcy code.

(2) The borrower filed for protection under Chapter 11 of the U.S. Federal Bankruptcy code.

(3) Loan is on non-accrual basis.

(4) The borrower filed for protection under the Canadian Bankruptcy and Insolvency Act.

(5) Trade pending settlement. Contract rates do not take effect until settlement date.

(@) Non-income producing security.

(R) Restricted security.

AUD Australian Dollar

GBP British Pound Stirling

EUR Euro

SEK Swedish Kronor

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

## PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

\*\* For Federal Income Tax purposes cost of investments is \$1,262,294,633.

Net unrealized depreciation consists of the following:

Gross Unrealized Appreciation	\$ 27,234,907
Gross Unrealized Depreciation	(21,213,433)
Net Unrealized Depreciation	\$ 6,021,474

Fair Value Measurements<sup>^</sup>

The following is a summary of the fair valuations according to the inputs used as of February 28, 2011 in valuing the Trust's assets and liabilities:

	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at 02/28/11
<b>Asset Table</b>				
<b>Investments, at value</b>				
Senior Loans	\$	\$ 1,237,071,504	\$ 3,230,802	\$ 1,240,302,306
Other Corporate Debt		11,933,526	363,879	12,297,405
Equities and Other Assets	4,931,596	8,461,271	2,323,529	15,716,396
Total Investments, at value	\$ 4,931,596	\$ 1,257,466,301	\$ 5,918,210	\$ 1,268,316,107
<b>Other Financial Instruments+</b>				
Unfunded Commitments		73,453		73,453
Total Assets	\$ 4,931,596	\$ 1,257,539,754	\$ 5,918,210	\$ 1,268,389,560
<b>Liabilities Table</b>				
<b>Other Financial Instruments+</b>				
Forward foreign currency contracts	\$	\$ (2,054,914)	\$	\$ (2,054,914)
Total Liabilities	\$	\$ (2,054,914)	\$	\$ (2,054,914)

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Trust's assets and liabilities during the year ended February 28, 2011:

	<b>Beginning Balance at 02/28/10</b>	<b>Purchases</b>	<b>Sales</b>	<b>Accrued Discounts/ (Premiums)</b>	<b>Total Realized Gain/(Loss)</b>	<b>Total Unrealized Appreciation/ (Depreciation)</b>
Senior Loans	\$ 13,776,000	\$	\$ (16,400,000)	\$	\$	\$ 2,624,000
Other Corporate Debt Equities and Other Assets	5,029,484	1,525,694	(4,153,886)		1,308,361	1,192,738
<b>Total</b>	<b>\$ 18,805,484</b>	<b>\$ 1,525,694</b>	<b>\$ (20,553,886)</b>	<b>\$</b>	<b>\$ 1,308,361</b>	<b>\$ 3,816,738</b>

	<b>Transfers Into Level 3</b>	<b>Transfers Out of Level 3</b>	<b>Ending Balance at 02/28/11</b>
Senior Loans	\$ 3,230,802	\$	\$ 3,230,802
Other Corporate Debt	363,879		363,879
Equities and Other Assets	574,330	(3,153,192)	2,323,529
<b>Total</b>	<b>\$ 4,169,011</b>	<b>\$ (3,153,192)</b>	<b>\$ 5,918,210</b>

See Accompanying Notes to Financial Statements

## ING Prime Rate Trust

## PORTFOLIO OF INVESTMENTS as of February 28, 2011 (continued)

As of February 28, 2011, total change in unrealized gain (loss) on Level 3 securities still held at year end and included in the change in net assets was \$66,172.

^ See Note 2, "Significant Accounting Policies" in the Notes to Financial Statements for additional information.

+ Other Financial Instruments are securities or derivatives not reflected in the Portfolio of Investments and may include open forward foreign currency contracts, futures, swaps, unfunded commitments and written options. Forward foreign currency contracts, futures and unfunded commitments are reported at their unrealized gain/loss at measurement date which represents the amount due to/from the Trust. Swaps and written options are reported at their fair value at measurement date.

Transfers in or out of Level 3 represents either the beginning value (for transfer in), or the ending value (for transfers out) of any security or derivative instrument where a change in the pricing level occurred from the beginning to the end of the period. The Trust's policy is to recognize transfers between levels at the end of the reporting period.

**At February 28, 2011 the following forward foreign currency contracts were outstanding for ING Prime Rate Trust :**

Counterparty	Currency	Buy/Sell	Settlement Date	In Exchange For	Fair Value	Unrealized Appreciation/ (Depreciation)
State Street Bank	Australian Dollar AUD	Sell	06/07/11	USD \$23,056,790	\$ 23,467,979	\$ (411,189)
State Street Bank	British Pound Sterling GBP	Sell	04/07/11	18,667,762	18,751,453	(83,691)
State Street Bank	British Pound Sterling GBP	Sell	05/06/11	18,102,014	8,281,872	(179,858)
State Street Bank	Euro EUR	Sell	04/07/11	86,945,031	88,023,514	(1,078,483)
State Street Bank	Euro EUR	Sell	05/06/11	6,823,285	6,879,295	(56,010)
State Street Bank	Euro EUR	Sell	06/07/11	5,487,960	5,513,911	(25,951)



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Bank	4,000,000				
	Sweden				
State	Kronor				
Street	SEK				
Bank	23,313,000	Sell	04/07/11	3,468,888	
					3,677,194
					(208,306)
	Sweden				
State	Kronor				
Street	SEK				
Bank	5,408,000	Sell	06/07/11	838,792	
					850,218
					(11,426)
				\$ 153,390,522	\$ 155,445,436
					\$ (2,054,914)

See Accompanying Notes to Financial Statements

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## ING Prime Rate Trust

## SHAREHOLDER MEETING INFORMATION (Unaudited)

**A special meeting of shareholders of the ING Prime Rate Trust Fund was held June 29, 2010, at the offices of ING Funds, 7337 East Doubletree Ranch Road, Scottsdale, AZ 85258.**

**ING Prime Rate Trust, Common Shares**

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

**ING Prime Rate Trust, Preferred Shares**

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

	Proposals*	Shares voted for	Shares voted against or withheld	Shares abstained	Total Shares Voted
Common Shares Trustees	Colleen D. Baldwin	128,607,418.812	3,271,966.622		131,879,385.434
	Patricia W. Chadwick	128,601,576.305	3,277,809.129		131,879,385.434
	Robert W. Crispin	128,587,861.350	3,291,524.084		131,879,385.434
	Peter S. Drotch	128,581,351.045	3,298,034.389		131,879,385.434
	J. Michael Earley	128,653,367.122	3,226,018.312		131,879,385.434
	Patrick W. Kenny	128,654,269.507	3,225,115.927		131,879,385.434
	Shaun P. Mathews	128,563,887.707	3,315,497.727		131,879,385.434
	Sheryl K. Pressler	128,675,735.101	3,203,650.333		131,879,385.434
Preferred Shares Trustees	John V. Boyer	4,256.000	176.000		4,432.000
		4,256.000	176.000		4,432.000

Roger  
B.  
Vincent

\* Proposals Passed

## ING Prime Rate Trust

## ADDITIONAL INFORMATION (Unaudited)

**SHAREHOLDER INVESTMENT PROGRAM**

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

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

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

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

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

**KEY FINANCIAL DATES CALENDAR 2011 DIVIDENDS:**

DECLARATION DATE	EX-DIVIDEND DATE	PAYABLE DATE
January 31, 2011	February 8, 2011	February 23, 2011
February 28, 2011	March 8, 2011	March 22, 2011
March 31, 2011	April 7, 2011	April 25, 2011
April 29, 2011	May 6, 2011	May 23, 2011
May 31, 2011	June 8, 2011	June 22, 2011
June 30, 2011	July 7, 2011	July 22, 2011
July 29, 2011	August 8, 2011	August 22, 2011
August 31, 2011	September 8, 2011	September 22, 2011
September 30, 2011	October 6, 2011	October 24, 2011
October 31, 2011	November 8, 2011	November 22, 2011

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November 30, 2011

December 8, 2011

December 22, 2011

December 20, 2011

December 28, 2011

January 12, 2012

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

ING Prime Rate Trust

ADDITIONAL INFORMATION (Unaudited) (continued)

**STOCK DATA**

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

**REPURCHASE OF SECURITIES BY CLOSED-END COMPANIES**

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

**NUMBER OF SHAREHOLDERS**

The approximate number of record holders of Common Stock as of February 28, 2011 was 3,896 which does not include approximately 48,249 beneficial owners of shares held in the name of brokers of other nominees.

**PROXY VOTING INFORMATION**

A description of the policies and procedures that the Trust uses to determine how to vote proxies related to portfolio securities is available (1) without charge, upon request, by calling Shareholder Services toll-free at 1-800-336-3436; (2) on the Trust's website at [www.ingfunds.com](http://www.ingfunds.com) and (3) on the SEC's website at [www.sec.gov](http://www.sec.gov). Information regarding how the Trust voted proxies related to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Trust's website at [www.ingfunds.com](http://www.ingfunds.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

**QUARTERLY PORTFOLIO HOLDINGS**

The Trust files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Trust's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Trust's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330; and is available upon request from the Trust by calling Shareholder Services toll-free at (800) 336-3436.

**CERTIFICATIONS**

In accordance with Section 303A.12 (a) of the New York Stock Exchange Listed Company Manual, the Trust submitted the Annual CEO Certification on May 26, 2009 certifying that he was not aware, as of that date, of any violation by the Trust of the NYSE's Corporate governance listing standards. In addition, as required by Section 203 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Trust's principal executive and financial officers have made quarterly certifications, included in filings with the SEC on

Forms N-CSR and N-Q, relating to, among other things, the Trust's disclosure controls and procedures and internal controls over financial reporting.



## ING Prime Rate Trust

## TAX INFORMATION (Unaudited)

The Trust is required by Subchapter M of the Internal Revenue Code of 1986, as amended, to advise within 60 days of the Trust's fiscal year end (February 28, 2011) as to the federal tax status of distributions received by the Trust's shareholders. Accordingly, the Trust is hereby advising you that the following dividends were paid to Common Shareholders during the fiscal year ended February 28, 2011:

<b>Fund Name</b>	<b>Type</b>	<b>Per Share Amount</b>
ING Prime Rate Trust	NII	\$ 0.2979
	ROC	\$ 0.0181

NII - Net investment income

ROC - Return of capital

The Trust is hereby advising you that the following dividends were paid to Preferred Shareholders during the fiscal year ended February 28, 2011:

<b>Preferred Shares</b>	<b>Type of Dividend</b>	<b>Total Per Share Amount</b>	<b>Auction Dates</b>	<b>Record Dates</b>	<b>Payable Dates</b>	<b>Average Rate</b>
Series M	Net Investment Income	\$ 70.87	03/01/10 02/18/11	03/08/10 02/28/11	03/09/10 03/01/11	0.28%
Series T	Net Investment Income	\$ 70.97	03/02/10 02/22/11	03/09/10 03/01/11	03/10/10 03/02/11	0.28%
Series W	Net Investment Income	\$ 69.64	03/03/10 02/23/11	03/10/10 03/02/11	03/11/10 03/03/11	0.28%
Series Th	Net Investment Income	\$ 72.28	03/04/10 02/24/11	03/11/10 03/03/11	03/12/10 03/04/11	0.29%
Series F	Net Investment Income	\$ 71.29	03/05/10 02/25/11	03/12/10 03/04/11	03/15/10 03/07/11	0.28%

Of the ordinary distributions made during the year ended February 28, 2011, 0.15% qualify for the dividends received deduction (DRD) available to corporate shareholders.

For the year ended February 28, 2011, 0.15% of net investment income dividends paid by the Trust are designated as qualifying dividend income (QDI) subject to reduced income tax rates for individuals.

Pursuant to Internal Revenue Code Section 871(k)(1), the Trust designates 94.81% of net investment income distributions as interest-related dividends.

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

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



## ING Prime Rate Trust

## TRUSTEE AND OFFICER INFORMATION (Unaudited)

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

<b>Name, Address and Age</b>	<b>Position(s) and Length of Time Served<sup>(1)</sup></b>	<b>Term of Office</b>	<b>Principal Occupation(s) during the Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by Trustee<sup>(2)</sup></b>	<b>Other Board Positions held by Trustee</b>
<b>Independent Trustees:</b>					
Colleen D. Baldwin 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 50	Trustee	October 2007 - Present	President, Glantuum Partners, LLC, a business consulting firm (January 2009 - Present) and Consultant (January 2005 - Present).	133	None.
John V. Boyer 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258	Trustee	January 2005 - Present	President and Chief Executive Officer, Bechtler Arts Foundation, an arts and education foundation (January 2008 - Present). Formerly, Consultant (July 2007 - February 2008); President and Chief Executive Officer, Franklin and Eleanor Roosevelt Institute, a public policy foundation (March 2006 - July 2007); and Executive Director, The Mark Twain House & Museum <sup>(3)</sup> (September 1989 - March 2006).	133	None.

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Age:  
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Patricia W. Chadwick 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 62	Trustee January 2006 - Present Consultant and President, Ravengate Partners LLC, a consulting firm that provides advice regarding financial markets and the Present global economy (January 2000 - Present).	133	Wisconsin Energy Corp. (June 2006 - Present) and The Royce Fund (December 2009 - Present).
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Peter S. Drotch 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 69	Trustee October 2007 - Present Retired. Formerly, Partner, PricewaterhouseCoopers LLP, an accounting firm, until July 2000.	133	First Marblehead Corporation (September 2003 - Present).
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J. Michael Earley 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 65	Trustee February 2002 - Present Retired. Formerly, Banking President and Chief Executive Officer, Bankers Trust Company, N.A., Des Moines (June 1992 - Present December 2008).	133	None.
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Patrick W.	Trustee January 2005 Retired. Formerly, President and Chief Executive Officer, International Insurance	133	Assured Guaranty Ltd. (April 2004 -
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<p>Kenny 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 68</p>	<p>- Present</p>	<p>Society (June 2001 - June 2009). Present)</p>	<p>Present).</p>
<p>Sheryl K. Pressler 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 60</p>	<p>Trustee January 2006 - Present</p>	<p>Consultant (May 2001 - Present). 2006 Present)</p>	<p>133 Stillwater Mining Company (May 2002 - Present).</p>
<p>Roger B. Vincent 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 65</p>	<p>Trustee February 2002 - Present</p>	<p>President, Springwell Corporation, a corporate finance firm (March 1989 - Present). Present)</p>	<p>133 UGI Corporation (February 2006 - Present) and UGI Utilities, Inc. (February 2006 - Present).</p>

## ING Prime Rate Trust

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

Name, Address and Age	Position(s) and Trust Served <sup>(1)</sup>	Term of Office Length of Time	Principal Occupation(s) during the Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee <sup>(2)</sup>	Other Board Positions held by Trustee
<b>Trustees who are "Interested Persons":</b>					
Robert W. Crispin <sup>(4)</sup> 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 64	Trustee	October 2007 - Present	Retired. Formerly, Chairman and Chief Executive Officer, ING Investment Management Co. (July 2001 - December 2007).	133	Intact Financial Corporation (December 2004 - Present) and PFM Group (November 2010 - Present).
Shaun P. Mathews <sup>(4)(5)</sup> 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 55	Trustee	June 2006 - Present	President and Chief Executive Officer, ING Investments, LLC <sup>(6)</sup> (November 2006 - Present). Formerly, Head of ING Mutual Funds and Investment Products (November 2004 - November 2006).	171	ING Capital Corporation, LLC (December 2005 - Present).

(1) Trustees are considered for election by shareholders on an annual basis and serve until their successors are duly elected and qualified. The tenure of each Trustee is subject to the Board's retirement

policy, which states that each duly elected or appointed Trustee who is not an "interested person" of the Fund, as defined in the 1940 Act ("Independent Trustees"), shall retire from service as a Trustee at the conclusion of the first regularly scheduled meeting of the Board that is held after the Trustee reaches the age of 72. A unanimous vote of the Board may extend the retirement date of a Trustee for up to one year. An extension may be permitted if the retirement would trigger a requirement to hold a meeting of shareholders of the Fund under applicable law, whether for purposes of appointing a successor to the Trustee or if otherwise necessary under applicable law, in which case the extension would apply until such time as the shareholder meeting can be held or is no longer needed.

(2) For the purposes of this table, "Fund Complex" means the following investment companies: ING Asia Pacific High Dividend Equity Income Fund, ING Emerging Markets High Dividend Equity Fund; ING Emerging Markets Local Bond Fund; ING Equity Trust; ING Funds Trust; ING Global Advantage and Premium Opportunity Fund; ING Global Equity Dividend and Premium Opportunity Fund; ING Infrastructure, Industrials, and Materials Fund; ING International High Dividend Equity Income Fund; ING Investors Trust; ING Mayflower Trust; ING Mutual Funds; ING Partners, Inc.; ING Prime Rate Trust; ING Risk Managed Natural Resources Fund; ING Senior Income Fund; ING Separate Portfolios Trust; ING Variable Insurance Trust; and ING Variable Products Trust.

(3) Mr. Boyer held a seat on the Board of Directors of The Mark Twain House & Museum from September 1989 to November 2005. ING Groep N.V. makes non-material, charitable contributions to The Mark Twain House & Museum.

(4) Messrs. Mathews and Crispin are deemed to be "interested persons" of the Fund as defined in the 1940 Act because of their affiliation with ING Groep, N.V., the parent corporation of the Investment Adviser, ING Investments, LLC and the Distributor, ING Investments Distributor, LLC.

(5) For Mr. Mathews, the Fund Complex also includes the following investment companies: ING Balanced Portfolio, Inc.; ING Intermediate Bond Portfolio; ING Money Market Portfolio; ING Series Fund, Inc.; ING Strategic Allocation Portfolios, Inc.; ING Variable Funds; and ING Variable Portfolios, Inc.

(6) ING Investments, LLC was previously named ING Pilgrim Investments, LLC. ING Pilgrim Investments, LLC is the successor in interest to ING Pilgrim Investments, Inc., which was previously known as Pilgrim Investments, Inc. and before it was known as Pilgrim America Investments, Inc.



## ING Prime Rate Trust

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

<b>Name, Address and Age</b>	<b>Position(s) Held with the Trust</b>	<b>Term of Office and Length of Time Served<sup>(1)</sup></b>	<b>Principal Occupation(s) during the Past 5 Years</b>
Shaun P. Mathews 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 55	President and Chief Executive Officer	November 2006 - Present	President and Chief Executive Officer, ING Investments, LLC <sup>(2)</sup> (November 2006 - Present). Formerly, Head of ING Mutual Funds and Investment Products (November 2004 - November 2006).
Michael J. Roland 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 52	Executive Vice President Chief Compliance Officer	February 2002 - Present	Chief Compliance Officer of the ING Funds, Directed Services LLC <sup>(4)</sup> and ING Investments, LLC <sup>(2)</sup> (March 2011 - Present) and Executive Vice President and Chief Operating Officer, ING Investments, LLC <sup>(2)</sup> and ING Funds Services, LLC <sup>(3)</sup> (January 2007 - Present). Formerly, Executive Vice President, Head of Product Management, ING Investments, LLC <sup>(2)</sup> and ING Funds Services, LLC <sup>(3)</sup> (January 2005 - January 2007).
Stanley D. Vyner 230 Park Avenue New York, New York 10169 Age: 60	Executive Vice President Chief Investment Risk Officer	August 2003 - Present	Executive Vice President, ING Investments, LLC <sup>(2)</sup> (July 2000 - Present) and Chief Investment Risk Officer, ING Investments, LLC <sup>(2)</sup> (January 2003 - Present).
Todd Modic 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona	Senior Vice President, Chief/Principal Financial Officer and Assistant Secretary	March 2005 - Present	Senior Vice President, ING Funds Services, LLC <sup>(3)</sup> (March 2005 - Present).

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Age: 43

Kimberly A. Senior Vice President November Senior Vice President, ING Investments, LLC<sup>(2)</sup> (October  
Anderson 2003 - 2003 - Present).  
7337 East Present  
Doubletree  
Ranch Rd.  
Suite 100  
Scottsdale,  
Arizona  
85258

Age: 46

Robert Senior Vice President May Senior Vice President, Head of Division Operations, ING  
Terris 2006 - Funds Services, LLC<sup>(3)</sup> (May 2006 - Present). Formerly, Vice  
7337 East Present President of Administration, ING Funds Services, LLC<sup>(3)</sup>  
Doubletree (October 2001 - May 2006).  
Ranch Rd.  
Suite 100  
Scottsdale,  
Arizona  
85258

Age: 40

Robyn L. Vice President November Vice President and Treasurer, ING Funds Services, LLC<sup>(3)</sup>  
Ichilov 1997 - (November 1995 - Present) and ING Investments, LLC<sup>(2)</sup>  
7337 East Present (August 1997 - Present).  
Doubletree  
Ranch Rd.  
Suite 100  
Scottsdale,  
Arizona  
85258

Age: 43

Lauren D. Vice President August Vice President, ING Investments, LLC<sup>(2)</sup> and ING Funds  
Bensinger 2003 - Services, LLC<sup>(3)</sup> (February 1996 - Present); Director of  
7337 East Present Compliance, ING Investments, LLC<sup>(2)</sup> (October 2004 -  
Doubletree Present); and Vice President and Money Laundering  
Ranch Rd. Reporting Officer, ING Investments Distributor, LLC<sup>(5)</sup> (April  
Suite 100 2010 - Present);. Formerly, Chief Compliance Officer, ING  
Scottsdale, Investments Distributor, LLC<sup>(5)</sup> (August 1995 - April 2010)  
Arizona  
85258

Age: 57

William Vice President September Senior Vice President (March 2010 - Present) and Head of  
Evans 2007 - Manager Research and Selection Group (April 2007 -  
10 State Present Present). Formerly, Vice President, U.S. Mutual Funds and  
House Investment Products (May 2005 - April 2007).  
Square  
Hartford,

Connecticut  
06103  
Age: 38

## ING Prime Rate Trust

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

<b>Name, Address and Age</b>	<b>Position(s) Held with the Trust</b>	<b>Term of Office and Length of Time Served<sup>(1)</sup></b>	<b>Principal Occupation(s) during the Past 5 Years</b>
Maria M. Anderson 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 52	Vice President	September 2004 - Present	Vice President, ING Funds Services, LLC <sup>(3)</sup> (September 2004 - Present).
Denise Lewis 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 47	Vice President	January 2007 - Present	Vice President, ING Funds Services, LLC <sup>(3)</sup> (December 2006 - Present). Formerly, Senior Vice President, UMB Investment Services Group, LLC (November 2003 - December 2006).
Kimberly K. Springer 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 53	Vice President	March 2006 - Present	Vice President, ING Investment Management - ING Funds (March 2010 - Present); Vice President, ING Funds Services, LLC <sup>(3)</sup> (March 2006 - Present) and Managing Paralegal, Registration Statements (June 2003 - Present). Formerly, Assistant Vice President, ING Funds Services, LLC <sup>(3)</sup> (August 2004 - March 2006).
Craig Wheeler 7337 East Doubletree Ranch Rd.	Assistant Vice President	May 2008 - Present	Assistant Vice President - Director of Tax, ING Funds Services, LLC <sup>(3)</sup> (March 2008 - Present). Formerly, Tax Manager, ING Funds Services, LLC <sup>(3)</sup> (March 2005 - March 2008).

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Suite 100  
Scottsdale,  
Arizona  
85258  
Age: 41

<p>Huey P. Falgout, Jr. 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 47</p>	<p>Secretary</p>	<p>Aug 2003 - Present</p>	<p>Senior Vice President and Chief Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Chief Counsel, ING Americas, U.S. Legal Services (October 2003 - March 2010).</p>
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Suite 100  
Scottsdale,  
Arizona  
85258  
Age: 47

<p>Theresa K. Keley 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 48</p>	<p>Assistant Secretary</p>	<p>Aug 2003 - Present</p>	<p>Vice President and Senior Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Senior Counsel, ING Americas, U.S. Legal Services (April 2008 - March 2010) and Counsel, ING Americas, U.S. Legal Services (April 2003 - April 2008).</p>
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Suite 100  
Scottsdale,  
Arizona  
85258  
Age: 48

<p>Paul Caldarelli 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 59</p>	<p>Assistant Secretary</p>	<p>June 2010 - Present</p>	<p>Vice President and Senior Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Senior Counsel, ING Americas, U.S. Legal Services (April 2008 - March 2010) and Counsel, ING Americas, U.S. Legal Services (May 2005 - April 2008).</p>
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Suite 100  
Scottsdale,  
Arizona  
85258  
Age: 59

<p>Kathleen Nichols 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 35</p>	<p>Assistant Secretary</p>	<p>May 2008 - Present</p>	<p>Vice President and Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Counsel, ING Americas, U.S. Legal Services (February 2008 - March 2010) and Associate, Ropes &amp; Gray LLP (September 2005 - February 2008)</p>
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Suite 100  
Scottsdale,  
Arizona  
85258  
Age: 35

<p>Daniel A. Norman 7337 East</p>	<p>Senior Vice President and Treasurer</p>	<p>April 1995 - Present</p>	<p>Senior Vice President and Senior Portfolio Manager ING Investment Management Co. (November 1999 - Present).</p>
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Doubletree  
Ranch Rd.  
Suite 100  
Scottsdale,  
Arizona  
85258  
Age: 53

June  
1997 -  
Present

Jeffrey A.  
Bakalar  
7337 East  
Doubletree  
Ranch Rd.  
Suite 100  
Scottsdale,  
Arizona  
85258  
Age: 51

Senior Vice President November Senior Vice President ING Investment Management Co.  
1999 - (January 2000 - Present).  
Present

## ING Prime Rate Trust

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

<b>Name, Address and Age</b>	<b>Position(s) Held with the Trust</b>	<b>Term of Office and Length of Time Served<sup>(1)</sup></b>	<b>Principal Occupation(s) during the Past 5 Years</b>
Elliot A. Rosen 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 57	Senior Vice President	May 2002 - Present	Senior Vice President, ING Investment Management Co. (February 1999 - Present).
William H. Rivoir III 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 60	Senior Vice President and Assistant Secretary	Feb 2001 - Present	Senior Vice President ING Investment Management Co. (January 2004 - Present).

(1) The officers hold office until the next annual meeting of the Trustees and until their successors shall have been elected and qualified.

(2) ING Investments, LLC was previously named ING Pilgrim Investments, LLC. ING Pilgrim Investments, LLC is the successor in interest to ING Pilgrim Investments, Inc., which was previously known as Pilgrim Investments, Inc. and before that was known as Pilgrim America Investments, Inc.

(3) ING Funds Services, LLC was previously named ING Pilgrim Group, LLC. ING Pilgrim Group, LLC is the successor in interest to ING Pilgrim Group, Inc., which was previously known as Pilgrim Group, Inc. and before that was known as Pilgrim America Group, Inc.

(4) Directed Services LLC is the successor in interest to Directed Services, Inc.

(5) ING Investments Distributor, LLC was previously named ING Funds Distributor, LLC. ING Funds Distributor, LLC is the successor in interest to ING Funds Distributor, Inc., which was previously known as ING Pilgrim Securities, Inc., and before that, was known as Pilgrim Securities, Inc., and before that was known as Pilgrim America Securities, Inc.



ING Prime Rate Trust

ADVISORY CONTRACT APPROVAL DISCUSSION (Unaudited)

**BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AND SUB-ADVISORY CONTRACTS**

Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act") provides that, after an initial period, ING Prime Rate Trust's (the "Trust") existing investment advisory and sub-advisory contracts will remain in effect only if the Board of Trustees (the "Board") of the Trust, including a majority of Board members who have no direct or indirect interest in the advisory and sub-advisory contracts, and who are not "interested persons" of the Trust, as such term is defined under the 1940 Act (the "Independent Trustees"), annually review and approve them. Thus, at a meeting held on November 18, 2010, the Board, including a majority of the Independent Trustees, considered whether to renew the investment advisory contract (the "Advisory Contract") between ING Investments, LLC (the "Adviser") and the sub-advisory contract ("Sub-Advisory Contract") with ING Investment Management Co., the sub-adviser to the Trust (the "Sub-Adviser").

The Independent Trustees also held separate meetings on October 21 and November 16, 2010 to consider the renewal of the Advisory and Sub-Advisory Contracts. As a result, subsequent references herein to factors considered and determinations made by the Independent Trustees include, as applicable, factors considered and determinations made on those earlier dates by the Independent Trustees.

At its November 18, 2010 meeting, the Board voted to renew the Advisory and Sub-Advisory Contracts for the Trust. In reaching these decisions, the Board took into account information furnished to it throughout the year at regular meetings of the Board and the Board's committees, as well as information prepared specifically in connection with the annual renewal process. Determinations by the Independent Trustees also took into account various factors that they believed, in light of the legal advice furnished to them by K&L Gates LLP ("K&L Gates"), their independent legal counsel, and their own business judgment, to be relevant. Further, while the advisory and sub-advisory contracts for all the Trust were considered at the same Board meeting, the Trustees considered the Trust's advisory and sub-advisory relationships separately.

Provided below is an overview of the Board's contract approval process in general, as well as a discussion of certain specific factors that the Board considered at its renewal meeting. While the Board gave its attention to the information furnished, at its request, that was most relevant to its considerations, discussed below are a number of the primary factors relevant to the Board's consideration as to whether to renew the Advisory and Sub-Advisory Contracts for the one-year period ending November 30, 2011. Each Board member may have accorded different weight to the various factors in reaching his or her conclusions with respect to the Trust's advisory and sub-advisory arrangements.

**Overview of the Contract Renewal and Approval Process**

Several years ago, the Independent Trustees instituted a revised process by which they seek and consider relevant information when they decide whether to approve new or existing advisory and sub-advisory arrangements for the investment companies in the ING Funds complex under their jurisdiction, including the Trust's existing Advisory and Sub-Advisory Contracts. Among other actions, the Independent Trustees: retained the services of independent consultants with experience in the mutual fund industry to assist the Independent Trustees in working with the personnel employed by the Adviser or its affiliates who administer

the Trust ("Management") to identify the types of information presented to the Board to inform its deliberations with respect to advisory and sub-advisory relationships and to help evaluate that information; established a specific format in which certain requested information is provided to the Board; and determined the process for reviewing such information in connection with advisory and sub-advisory contract renewals and approvals. The end

ING Prime Rate Trust

ADVISORY CONTRACT APPROVAL DISCUSSION (Unaudited) (continued)

result was an enhanced process which is currently employed by the Independent Trustees to review and analyze information in connection with their annual renewal of the ING Funds' advisory and sub-advisory contracts, as well as their review and approval of new advisory relationships.

Since the current renewal and approval process was first implemented, the Board's membership has changed substantially through periodic retirements of some Trustees and the appointment and election of new Trustees. In addition, throughout this period the Independent Trustees have reviewed and refined the renewal and approval process at least annually. The Board also established a Contracts Committee and two Investment Review Committees. Among other matters, the Contracts Committee provides oversight with respect to the contracts renewal and approval process, and the Investment Review Committees jointly provide oversight regarding, among other matters, investment performance. The Investment Review Committees may apply a heightened level of scrutiny in cases where performance has lagged an ING Fund's relevant benchmark and/or selected peer group of investment companies ("Selected Peer Groups").

The type and format of the information provided to the Board or to legal counsel for the Independent Trustees in connection with the contract approval and renewal process has been codified in the ING Funds' *15(c) Methodology Guide*. This *Guide* was developed under the direction of the Independent Trustees and sets out a blueprint pursuant to which the Independent Trustees request certain information that they deem important to facilitate an informed review in connection with initial and annual approvals of advisory and sub-advisory contracts.

Management provides certain of the information requested by the *15(c) Methodology Guide* in Fund Analysis and Comparison Tables ("FACT sheets") prior to the Independent Trustees' review of advisory and sub-advisory arrangements (including the Trust's Advisory and Sub-Advisory Contracts). The Independent Trustees previously retained an independent firm to verify and test the accuracy of certain FACT sheet data for a representative sample of funds in the ING Funds complex. In addition, in recent years the Contracts Committee employed the services of an independent consultant to assist in its review and analysis of, among other matters, the *15(c) Methodology Guide*, the content and format of the FACT sheets, and Selected Peer Groups to be used by the Trust for certain comparison purposes during the renewal process. As part of an ongoing process, the Contracts Committee recommends or considers recommendations from Management for refinements to the *15(c) Methodology Guide* and other aspects of the review process, and the Board's Investment Review Committees review benchmarks used to assess the performance of funds in the ING Funds complex.

The Board employed its process for reviewing contracts when considering the renewals of the Trust's Advisory and Sub-Advisory Contracts that would be effective through November 30, 2011. Set forth below is a discussion of many of the Board's primary considerations and conclusions resulting from this process.

**Nature, Extent and Quality of Service**

In determining whether to approve the Advisory and Sub-Advisory Contracts for the Trust for the year ending November 30, 2011, the Independent Trustees received and evaluated such information as they deemed necessary regarding the nature, extent and quality of services provided to the Trust by the Adviser and Sub-Adviser. This included information regarding the Adviser and Sub-Adviser provided throughout the year at regular meetings of the Board and its committees, as well as information furnished in connection

with the contract renewal meetings.

The materials requested by and provided to the Board and/or to K&L Gates prior to the November 18, 2010 Board meeting included, among other information, the following items for the Trust: (1) FACT sheets that provided information regarding the performance and

ING Prime Rate Trust

ADVISORY CONTRACT APPROVAL DISCUSSION (Unaudited) (continued)

expenses of the Trust and other similarly managed funds in its Selected Peer Group, as well as information regarding the Trust's investment portfolio, objective and strategies; (2) reports providing risk and attribution analyses of the Trust; (3) the *15(c) Methodology Guide*, which describes how the FACT sheets were prepared, including the manner in which the Trust's benchmark and Selected Peer Group were selected and how profitability was determined; (4) responses from the Adviser and Sub-Adviser to a series of questions posed by K&L Gates on behalf of the Independent Trustees; (5) copies of the forms of Advisory and Sub-Advisory Contracts; (6) copies of the Forms ADV for the Adviser and Sub-Adviser; (7) financial statements for the Adviser and Sub-Adviser; (8) a draft of a narrative summary addressing key factors the Board customarily considers in evaluating the renewals of the ING Funds' (including the Trust's) advisory contracts and sub-advisory contracts, including a written analysis for the Trust of how performance, fees and expenses compare to its Selected Peer Group and/or designated benchmark; (9) independent analyses of Trust performance by the Trust's Chief Investment Risk Officer; (10) information regarding net asset flows into and out of the Trust; and (11) other information relevant to the Board's evaluations.

The Trust's common shares were used for purposes of certain comparisons to the funds in its Selected Peer Group. Common shares were selected because they are the only Trust class issued and outstanding. The common shares were compared to the analogous class of shares for each fund in the Selected Peer Group. The mutual funds included in the Trust's Selected Peer Group were selected based upon criteria designed to mirror the Trust share class being compared to the Selected Peer Group.

In arriving at its conclusions with respect to the Advisory Contract, the Board was mindful of the "manager-of-managers" platform of the ING Funds that has been developed by Management. The Board also considered the techniques that the Adviser has developed to screen and perform due diligence on the sub-advisers that are recommended to the Board to manage the investment portfolios of the funds in the ING Funds complex. The Board noted the resources that the Adviser has committed to the Board and the Investment Review Committees to assist the Board and the Investment Review Committees with their assessment of the investment performance of the funds in the ING Funds complex (including the Trust) on an on-going basis throughout the year. This includes the appointment of a Chief Investment Risk Officer and his staff, who report directly to the Board and who have developed attribution analyses and other metrics used by the Board's Investment Review Committees to analyze the key factors underlying investment performance for the funds in the ING Funds complex.

The Board also noted the techniques used by the Adviser to monitor the performance of the Sub-Adviser and the proactive approach that the Adviser, working in cooperation with the Investment Review Committees, has taken to advocate or recommend, when it believed appropriate, changes designed to assist in improving the Trust's performance.

In considering the Trust's Advisory Contract, the Board also considered the extent of benefits provided to the Trust's shareholders, beyond advisory services, from being part of the ING family of funds. This includes, in most cases, the right to exchange or transfer investments, without a sales charge, between the same class of shares of the Trust and other funds or among ING Funds available on a product platform, and the wide range of ING Funds available for exchange or transfer. The Board also took into account the Adviser's efforts in recent years to reduce the expenses of the ING Funds through renegotiated arrangements with the ING Funds' service providers. In addition, the Board considered the efforts of the Adviser and the expenses that it incurred in recent years to help make the ING Funds complex more

efficient by combinations of similar funds.

Further, the Board received periodic reports showing that the investment policies and restrictions for the Trust were consistently

ING Prime Rate Trust

ADVISORY CONTRACT APPROVAL DISCUSSION (Unaudited) (continued)

complied with and other periodic reports covering matters such as compliance by Adviser and Sub-Adviser personnel with codes of ethics. The Board considered reports from the Trust's Chief Compliance Officer ("CCO") evaluating whether the regulatory compliance systems and procedures of the Adviser and Sub-Adviser are reasonably designed to assure compliance with the federal securities laws, including those related to, among others, late trading and market timing, best execution, fair value pricing, proxy voting and trade allocation practices. The Board also took into account the CCO's annual and periodic reports and recommendations with respect to service provider compliance programs. In this regard, the Board also considered the policies and procedures developed by the CCO in consultation with the Board's Compliance Committee that guide the CCO's compliance oversight function.

The Board reviewed the level of staffing, quality and experience of the Trust's portfolio management team. The Board took into account the respective resources and reputations of the Adviser and Sub-Adviser, and evaluated the ability of the Adviser and the Sub-Adviser to attract and retain qualified investment advisory personnel. The Board also considered the adequacy of the resources committed to the Trust (and other relevant funds in the ING Funds complex) by the Adviser and Sub-Adviser, and whether those resources are commensurate with the needs of the Trust and are sufficient to sustain appropriate levels of performance and compliance needs. In this regard, the Board considered the financial stability of the Adviser and the Sub-Adviser.

Based on their deliberations and the materials presented to them, the Board concluded that the advisory and related services provided by the Adviser and Sub-Adviser are appropriate in light of the Trust's operations, the competitive landscape of the investment company business, and investor needs, and that the nature and quality of the overall services provided by the Adviser and the Sub-Adviser were appropriate.

### **Trust Performance**

In assessing advisory and sub-advisory relationships, the Board placed emphasis on the net investment returns of the Trust. While the Board considered the performance reports and discussions with portfolio managers at Board and committee meetings during the year, particular attention in assessing performance was given to the FACT sheets furnished in connection with the renewal process. The FACT sheet prepared for the Trust included its investment performance compared to the Trust's Morningstar category median and/or Lipper category median, Selected Peer Group and primary benchmark. The FACT sheet performance data was as of June 30, 2010. In addition, the Board also considered at its November 18, 2010 meeting certain additional data regarding performance and Trust asset level as of September 30, 2010.

The Trust's performance was compared to its Morningstar category median and its primary benchmark, a broad-based securities market index that appears in the Trust's prospectus. With respect to Morningstar quintile rankings, the first quintile represents the highest (best) performance and the fifth quintile represents the lowest performance.

In considering whether to approve the renewal of the Advisory and Sub-Advisory Contracts for the Trust, the Board considered that, based on performance data for the periods ended June 30, 2010: (1) the Trust underperformed its Morningstar category median for all periods presented; (2) the Trust underperformed its

primary benchmark for all periods presented, with the exception of the one-year period, during which it outperformed; and (3) the Trust is ranked in the third quintile of its Morningstar category for the most recent calendar quarter and five-year periods, the fourth quintile for the one-year, three-year, and ten-year periods, and the fifth (lowest) quintile for the year-to-date period.

In analyzing this performance data, the Board took into account: (1) Management's analysis with respect to the composition of the Trust's Morningstar category and the implications for



ING Prime Rate Trust

ADVISORY CONTRACT APPROVAL DISCUSSION (Unaudited) (continued)

purposes of relative performance evaluations; (2) Management's representations regarding favorable Trust performance during certain periods; (3) Management's confidence in the Sub-Adviser's ability to execute the Trust's investment strategy; and (4) that Management would continue to monitor, and the Board or its Investment Review Committee would periodically review, the Trust's investment performance.

**Economies of Scale**

When evaluating the reasonableness of advisory fee rates, the Board also considered whether economies of scale will be realized by the Adviser if the Trust grows larger and the extent to which any such economies are reflected in contractual fee rates. In this regard, the Board considered the compensation under an Advisory Contract with a level advisory fee rate that does not include breakpoints, taking into account that the Trust is a closed-end fund. The Board also considered the extent to which economies of scale could be realized through waivers, reimbursements or expense reductions. In evaluating fee breakpoint arrangements and economies of scale, the Independent Trustees also considered prior periodic management reports and industry information on this topic.

**Information Regarding Services to Other Clients**

The Board requested and considered information regarding the nature of services and fee rates offered by the Adviser and Sub-Adviser to other clients, including other registered investment companies and institutional accounts. When fee rates offered to other clients differed materially from those charged to the Trust, the Board considered any underlying rationale provided by the Adviser or Sub-Adviser for these differences. The Board also noted that the fee rates charged to the Trust and other institutional clients of the Adviser or Sub-Adviser (including other investment companies) may differ materially due to, among other reasons: differences in services; different regulatory requirements associated with registered investment companies, such as the Trust, as compared to non-registered investment company clients; market differences in fee rates that existed when the Trust first was organized; differences in the original sponsors of Trust that now are managed by the Adviser; investment capacity constraints that existed when certain contracts were first agreed upon or that might exist at present; and different pricing structures that are necessary to be competitive in different marketing channels.

**Fee Rates and Profitability**

The Board reviewed and considered the contractual investment advisory fee rate payable by the Trust to the Adviser. The Board also considered the contractual sub-advisory fee rate payable by the Adviser to the Sub-Adviser for sub-advisory services for the Trust. In addition, the Board considered fee waivers and expense limitations applicable to the fees payable by the Trust.

The Board considered: (1) the fee structure of the Trust as it relates to the services provided under the contracts; and (2) the potential fall-out benefits to the Adviser and the Sub-Adviser and their respective affiliates from their association with the Trust.

In considering the fees payable under the Advisory and Sub-Advisory Contracts for the Trust, the Board took into account the factors described above and also considered: (1) the fairness of the compensation under an Advisory Contract with a level fee rate that does not include breakpoints; and (2) the pricing

structure (including the expense ratio to be borne by shareholders) of the Trust, as compared to its Selected Peer Group, including that: (a) the management fee (inclusive of an administration fee) for the Trust is above the median and the average management fees of the funds in its Selected Peer Group; and (b) the expense ratio for the Trust is above the median and the average expense ratios of the funds in its Selected Peer Group.

In analyzing this fee data, the Board took into account Management's representations that

ING Prime Rate Trust

ADVISORY CONTRACT APPROVAL DISCUSSION (Unaudited) (continued)

closed-end funds have unique distribution characteristics and their pricing structures are highly driven by the market and competitive environment at the time of their initial offering when their fee structures were established.

The Board considered information on revenues, costs and profits realized by the Adviser, which was prepared by Management in accordance with the allocation methodology (including related assumptions) specified in the *15(c) Methodology Guide*. In analyzing the profitability of the Adviser in connection with its services to the Trust, the Board took into account the sub-advisory fee rate payable by the Adviser to the Sub-Adviser. In addition, the Board considered information that it requested and was provided by Management with respect to the profitability of service providers affiliated with the Adviser and Sub-Adviser.

The Board recognized that profitability analysis is not an exact science and there is no uniform methodology for determining profitability for this purpose. In this context, the Board realized that Management's calculations regarding its costs incurred in establishing the infrastructure necessary for the Trust's operations may not be fully reflected in the expenses allocated to the Trust in determining profitability, and that the information presented may not portray all of the costs borne by Management or capture Management's entrepreneurial risk associated with offering and managing a mutual fund complex in the current regulatory and market environment. In addition, the Board recognized that the use of different methodologies for purposes of calculating profit data can give rise to dramatically different profit and loss results.

In making its determinations, the Board based its conclusions on the reasonableness of the advisory fee of the Adviser. The Board determined that the fees payable to the Adviser and the Sub-Adviser are reasonable for the services that each performs, which were considered in light of the nature and quality of the services that each has performed and is expected to perform.

**Conclusion**

After its deliberation, the Board reached the following conclusions: (1) the Trust's management fee rate is reasonable in the context of all factors considered by the Board; (2) the Trust's expense ratio is reasonable in the context of all factors considered by the Board; (3) Management would continue to monitor, and the Board or its Investment Review Committee would periodically review, the Trust's investment performance; and (4) the sub-advisory fee rate payable by the Adviser to the Sub-Adviser is reasonable in the context of all factors considered by the Board. Based on these conclusions and other factors, the Board voted to renew the Advisory and Sub-Advisory Contracts for the Trust for the year ending November 30, 2011. During this renewal process, different Board members may have given different weight to different individual factors and related conclusions.



**Investment Adviser**

ING Investments, LLC

7337 East Doubletree Ranch Road, Suite 100

Scottsdale, Arizona 85258

**Sub-Adviser**

ING Investment Management Co.

230 Park Avenue

New York, NY 10169

**Institutional Investors and Analysts**

Call ING Prime Rate Trust

1-800-336-3436, Extension 2217

**Administrator**

ING Funds Services, LLC

7337 East Doubletree Ranch Road, Suite 100

Scottsdale, Arizona 85258

1-800-992-0180

**Written Requests**

Please mail all account inquiries and other comments to:

ING Prime Rate Trust Account

c/o ING Fund Services, LLC

7337 East Doubletree Ranch Road, Suite 100

Scottsdale, Arizona 85258

**Distributor**

ING Investments Distributor, LLC

7337 East Doubletree Ranch Road, Suite 100

Scottsdale, Arizona 85258

1-800-334-3444

**Transfer Agent**

BNY Mellon Investment Servicing (U.S.) Inc.  
(formerly, PNC Global Investment Servicing (U.S.) Inc.)

301 Bellevue Parkway

Wilmington, Delaware 19809

**Independent Registered Public Accounting Firm**

KPMG LLP

Two Financial Center

60 South Street

Boston, Massachusetts 02111

**Custodian**

State Street Bank and Trust Company

801 Pennsylvania Avenue

Kansas City, Missouri 64105

**Legal Counsel**

Dechert LLP

1775 I Street, N.W.

Washington, D.C. 20006

**Toll-Free Shareholder Information**

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

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

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(0211-040511)

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**Item 2. Code of Ethics.**

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

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

The Board of Trustees has determined that J.Michael Earley and Peter Drotch are an audit committee financial experts, as defined in Item 3 of Form N-CSR. Mr. Earley and Mr. Drotch are independent for purposes of Item 3 of Form N-CSR.

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

(a) Audit Fees: The aggregate fees billed for each of the last two fiscal years for professional services rendered by KPMG LLP ( KPMG ), the principal accountant for the audit of the registrant s annual financial statements, for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$73,500 for year ended February 28, 2011 and \$66,000 for year ended February 28, 2010.

(b) Audit-Related Fees: The aggregate fees billed in each of the last two fiscal years for assurance and related services by KPMG that are reasonably related to the performance of the audit of the registrant s financial statements and are not reported under paragraph (a) of this Item were \$2,150 for the year ended February 28, 2011 and \$2,150 for the year ended February 28, 2010.

(c) Tax Fees: The aggregate fees billed in each of the last two fiscal years for professional services rendered by KPMG for tax compliance, tax advice, and tax planning were \$6,648 in the year ended February 28, 2011 and \$5,315 in the year ended February 28, 2010. Such services included review of excise distribution calculations (if applicable), preparation of the Funds federal, state and excise tax returns, tax services related to mergers and routine consulting.

(d) All Other Fees: None

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

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

**I. Statement of Principles**

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

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

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

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

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## II. Audit Services

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

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

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

## III. Audit-related Services

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

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

## IV. Tax Services

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

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

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

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

#### **V. Other Services**

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

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

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

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

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

#### **VII. Procedures**

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



**VIII. Delegation**

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

**IX. Additional Requirements**

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

Effective April 23, 2008, the KPMG LLP ( KPMG ) audit team for the ING Funds accepted the global responsibility for monitoring the auditor independence for KPMG relative to the ING Funds. Using a proprietary system called Sentinel, the audit team is able to identify and manage potential conflicts of interest across the member firms of the KPMG International Network and prevent the provision of prohibited services to the ING entities that would impair KPMG independence with the respect to the ING Funds. In addition to receiving pre-approval from the ING Funds Audit Committee for services provided to the ING Funds and for services for ING entities in the Investment Company Complex, the audit team has developed a process for periodic notification via email to the ING Funds' Audit Committee Chairpersons regarding requests to provide services to ING Groep NV and its affiliates from KPMG offices worldwide. Additionally, KPMG provides a quarterly summary of the fees for services that have commenced for ING Groep NV and Affiliates at each Audit Committee Meeting.



Last Approved: September 29, 2010

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### Appendix A

Pre-Approved Audit Services for the Pre-Approval Period September 29, 2010 through December 31, 2011

Service	The Fund(s)	Fee Range
Statutory audits or financial audits (including tax services associated with audit services)	x	As presented to Audit Committee(1)
Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings ( <i>e.g.</i> , consents), and assistance in responding to SEC comment letters.	x	Not to exceed \$9,750 per filing
Consultations by Fund management with respect to accounting or disclosure treatment of transactions or events and/or the actual or potential effect of final or proposed rules, standards or interpretations by the SEC, Financial Accounting Standards Board, or other regulatory or standard setting bodies.	x	Not to exceed \$8,000 during the Pre-Approval Period
Seed capital audit and related review and issuance of consent on the N-2 registration statement	x	Not to exceed \$13,000 per audit

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

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Appendix B

Pre-Approved Audit-Related Services for the Pre-Approval Period September 29, 2010 through December 31, 2011

Service	The Fund(s)	Fund Affiliates	Fee Range
Services related to Fund mergers (Excludes tax services See Appendix C for tax services associated with Fund mergers)	x	x	Not to exceed \$10,000 per merger
Consultations by Fund management with respect to accounting or disclosure treatment of transactions or events and/or the actual or potential effect of final or proposed rules, standards or interpretations by the SEC, Financial Accounting Standards Board, or other regulatory or standard setting bodies. [Note: Under SEC rules some consultations may be audit services and others may be audit-related services.]	x		Not to exceed \$5,000 per occurrence during the Pre-Approval Period
Review of the Funds semi-annual and quarterly financial statements	x		Not to exceed \$2,400 per set of financial statements per fund
Reports to regulatory or government agencies related to the annual engagement	x		Up to \$5,000 per occurrence during the Pre-Approval Period
Regulatory compliance assistance	x	x	Not to exceed \$5,000 per quarter
Training courses		x	Not to exceed \$2,000 per course
For Prime Rate Trust, agreed upon procedures for quarterly reports to rating agencies	x		Not to exceed \$9,450 per quarter

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Appendix C

Pre-Approved Tax Services for the Pre-Approval Period September 29, 2010 through December 31, 2011

Service	The Fund(s)	Fund Affiliates	Fee Range
Preparation of federal and state income tax returns and federal excise tax returns for the Funds including assistance and review with excise tax distributions	x		As presented to Audit Committee(2)
Review of IRC Sections 851(b) and 817(h) diversification testing on a real-time basis	x		As presented to Audit Committee(2)
Assistance and advice regarding year-end reporting for 1099 s	x		As presented to Audit Committee(2)
Tax assistance and advice regarding statutory, regulatory or administrative developments	x	x	Not to exceed \$5,000 for the Funds or for the Funds investment adviser during the Pre-Approval Period

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

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Service	The Fund(s)	Fund Affiliates	Fee Range
Tax training courses		x	Not to exceed \$2,000 per course during the Pre-Approval Period
Tax services associated with Fund mergers	x	x	Not to exceed \$4,000 per fund per merger during the Pre-Approval Period
Other tax-related assistance and consultation, including, without limitation, assistance in evaluating derivative financial instruments and international tax issues, qualification and distribution issues, and similar routine tax consultations.	x		Not to exceed \$120,000 during the Pre-Approval Period

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Appendix D

Pre-Approved Other Services for the Pre-Approval Period September 29 , 2010 through December 31, 2011

Service	The Fund(s)	Fund Affiliates	Fee Range
Agreed-upon procedures for Class B share 12b-1 programs		x	Not to exceed \$60,000 during the Pre-Approval Period
Security counts performed pursuant to Rule 17f-2 of the 1940 Act ( <i>i.e.</i> , counts for Funds holding securities with affiliated sub-custodians)	x	x	Not to exceed \$5,000 per Fund during the Pre-Approval Period
Cost to be borne 50% by the Funds and 50% by ING Investments, LLC.			
Agreed upon procedures for 15 (c) FACT Books	x		Not to exceed \$35,000 during the Pre-Approval Period

Appendix E

Prohibited Non-Audit Services

Dated: September 29, 2010 to December 31, 2011

- Bookkeeping or other services related to the accounting records or financial statements of the Funds
  
- Financial information systems design and implementation
  
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
  
- Actuarial services
  
- Internal audit outsourcing services
  
- Management functions
  
- Human resources
  
- Broker-dealer, investment adviser, or investment banking services
  
- Legal services
  
- Expert services unrelated to the audit
  
- Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible





**EXHIBIT A**

ING EQUITY TRUST

ING FUNDS TRUST

ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND

ING GLOBAL ADVANTAGE AND PREMIUM OPPORTUNITY FUND

ING GLOBAL EQUITY DIVIDEND AND PREMIUM OPPORTUNITY FUND

ING INTERNATIONAL HIGH DIVIDEND EQUITY INCOME FUND

ING INFRASTRUCTURE, INDUSTRIALS, AND MATERIALS FUND

ING RISK MANAGED NATURAL RESOURCES FUNDING INVESTORS TRUST

ING MAYFLOWER TRUST

ING MUTUAL FUNDS

ING PARTNERS, INC.

ING PRIME RATE TRUST

ING SENIOR INCOME FUND

ING SEPARATE PORTFOLIOS TRUST

ING VARIABLE INSURANCE TRUST

ING VARIABLE PRODUCTS TRUST

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

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

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

Not applicable.

(g) Non-Audit Fees: The non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser, and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant were \$1,084,113 for year ended February 28, 2011 and \$2,011,031 for fiscal year ended February 28, 2010.

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

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

- a. The registrant has a separately-designated standing audit committee. The members are J. Michael Earley, Patricia W. Chadwick and Peter S. Drotch.
- b. Not applicable.

**Item 6. Schedule of Investments**

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

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

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ING FUNDS

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PROXY VOTING PROCEDURES AND GUIDELINES

**Effective Date: July 10, 2003**

**Revision Date: March 3, 2011**

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**I. INTRODUCTION**

The following are the Proxy Voting Procedures and Guidelines (the "Procedures and Guidelines") of the ING Funds set forth on *Exhibit 1* attached hereto and each portfolio or series thereof, except for any Sub-Adviser-Voted Series identified on *Exhibit 1* and further described in Section III below (each non-Sub-Adviser-Voted Series hereinafter referred to as a "Fund" and collectively, the "Funds"). The purpose of these Procedures and Guidelines is to set forth the process by which each Fund subject to these Procedures and Guidelines will vote proxies related to the equity assets in its investment portfolio (the "portfolio securities"). The term "proxies" as used herein shall include votes in connection with annual and special meetings of equity stockholders but not those regarding bankruptcy matters and/or related plans of reorganization. The Procedures and Guidelines have been approved by the Funds' Boards of Trustees/Directors(1) (each a "Board" and collectively, the "Boards"), including a majority of the independent Trustees/Directors(2) of the Board. These Procedures and Guidelines may be amended only by the Board. The Board shall review these Procedures and Guidelines at its discretion, and make any revisions thereto as deemed appropriate by the Board.

**II. COMPLIANCE COMMITTEE**

The Boards hereby delegate to the Compliance Committee of each Board (each a "Committee" and collectively, the "Committees") the authority and responsibility to oversee the implementation of these Procedures and Guidelines, and where applicable, to make determinations on behalf of the Board with respect to the voting of proxies on behalf of each Fund. Furthermore, the Boards hereby delegate to each Committee the authority to review and approve material changes to proxy voting procedures of any Fund's investment adviser (the "Adviser"). The Proxy Voting Procedures of the Adviser (the "Adviser Procedures") are attached hereto as *Exhibit 2*. Any determination regarding the voting of proxies of each Fund

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

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



that is made by a Committee, or any member thereof, as permitted herein, shall be deemed to be a good faith determination regarding the voting of proxies by the full Board. Each Committee may rely on the Adviser through the Agent, Proxy Coordinator and/or Proxy Group (as such terms are defined for purposes of the Adviser Procedures) to deal in the first instance with the application of these Procedures and Guidelines. Each Committee shall conduct itself in accordance with its charter.

### III. DELEGATION OF VOTING AUTHORITY

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

A Board may elect to delegate the voting of proxies to the Sub-Adviser of a portfolio or series of the ING Funds. In so doing, the Board shall also approve the Sub-Adviser's proxy policies for implementation on behalf of such portfolio or series (a Sub-Adviser-Voted Series). Sub-Adviser-Voted Series shall not be covered under these Procedures and Guidelines but rather shall be covered by such Sub-Adviser's proxy policies, provided that the Board, including a majority of the independent Trustees/Directors(1), has approved them on behalf of such Sub-Adviser-Voted Series, and ratifies any subsequent changes at the next regularly scheduled meeting of the Compliance Committee and the Board.

When a Fund participates in the lending of its securities and the securities are on loan at record date, proxies related to such securities will not be forwarded to the Adviser by the Fund's custodian and therefore will not be voted. However, the Adviser shall use best efforts to recall or restrict specific securities from loan for the purpose of facilitating a material vote as described in the Adviser Procedures.

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

A fund that is a feeder fund in a master-feeder structure does not echo vote. Rather, it passes votes requested by the underlying master fund to its shareholders. This means that, if the feeder

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

fund is solicited by the master fund, it will request instructions from its own shareholders, either directly or, in the case of an insurance-dedicated Fund, through an insurance product or retirement plan, as to the manner in which to vote its interest in an underlying master fund.

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

#### IV. APPROVAL AND REVIEW OF PROCEDURES

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

#### V. VOTING PROCEDURES AND GUIDELINES

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

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

##### A. Routine Matters

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

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

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

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



service.

Except in cases in which the Proxy Group has previously provided the Proxy Coordinator with standing instructions to vote in accordance with the Agent's recommendation, the Proxy Coordinator will forward the Agent's analysis and recommendation and/or any research obtained from the Investment Professional(s), the Agent or any other source to the Proxy Group. The Proxy Group may consult with the Agent and/or Investment Professional(s), as it deems necessary.

The Proxy Coordinator shall use best efforts to convene the Proxy Group with respect to all matters requiring its consideration. In the event quorum requirements cannot be timely met in connection with a voting deadline, it shall be the policy of the Funds to vote in accordance with the Agent's recommendation, unless the Agent's recommendation is deemed to be conflicted as provided for under the Adviser Procedures, in which case no action shall be taken on such matter (*i.e.*, a Non-Vote).

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

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

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

The Proxy Group may recommend that a Fund refrain from voting under circumstances including, but not limited to, the following: (1) if the economic effect on shareholders' interests or the value of the portfolio holding is indeterminable or insignificant, *e.g.*, proxies in connection with fractional shares, securities no longer held in the portfolio of an ING Fund or proxies being considered on behalf of a Fund that is no longer in existence; or (2) if the cost of voting a proxy outweighs the benefits, *e.g.*, certain international proxies, particularly in cases in which share blocking practices may impose trading restrictions on the relevant portfolio security. In such instances, the Proxy Group may instruct the Agent, through the Proxy Coordinator, not to vote such proxy. The Proxy Group may provide the Proxy Coordinator with standing instructions on parameters that would dictate a Non-Vote without the Proxy Group's review of a specific proxy.

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

access ballots or other proxy information in connection with its portfolio securities.

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

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

If the Proxy Group recommends that a Fund vote contrary to the Guidelines, or the recommendation of the Agent, where applicable, if the Agent has made no recommendation on a matter and the Procedures and Guidelines are silent, or the Agent's recommendation on a matter is deemed to be conflicted as provided for under the Adviser Procedures, the Proxy Coordinator will then request that all members of the Proxy Group, including any members who abstained from voting on the matter or were not in attendance at the meeting at which the relevant proxy is being considered, and each Investment Professional participating in the voting process complete a Conflicts Report (as such term is defined for purposes of the Adviser Procedures). As provided for in the Adviser Procedures, the Proxy Coordinator shall be responsible for identifying to Counsel potential conflicts of interest with respect to the Agent.

If Counsel determines that a conflict of interest appears to exist with respect to the Agent, any member of the Proxy Group or the participating Investment Professional(s), the Proxy Coordinator will then contact the Compliance Committee(s) and forward to such Committee(s) all information relevant to their review, including the following materials or a summary thereof: the applicable Procedures and Guidelines, the recommendation of the Agent, where applicable, the recommendation of the Investment Professional(s), where applicable, any resources used by the Proxy Group in arriving at its recommendation, the Conflicts Report and any other written materials establishing whether a conflict of interest exists, and findings of Counsel (as such term is defined for purposes of the Adviser Procedures). Upon Counsel's finding that a conflict of interest exists with respect to one or more members of the Proxy Group or the Advisers generally, the remaining members of the Proxy Group shall not be required to complete a Conflicts Report in connection with the proxy.

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

4. Referrals to a Fund's Compliance Committee

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

The Proxy Coordinator shall use best efforts to timely refer matters to a Fund's Committee for its consideration. In the event any such matter cannot be timely referred to or considered by the Committee, it shall be the policy of the Funds to vote in accordance with the Agent's recommendation, unless the Agent's recommendation is conflicted on a matter, in which case no action shall be taken on such matter (*i.e.*, a Non-Vote).

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

**VI. CONFLICTS OF INTEREST**

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

**VII. REPORTING AND RECORD RETENTION**

Annually in August, each Fund will post its proxy voting record, or a link thereto, for the prior one-year period ending on June 30th on the ING Funds' website. The proxy voting record for each Fund will also be available on Form N-PX in the EDGAR database on the SEC's website. For any Fund that is a feeder in a master/feeder structure, no proxy voting record related to the portfolio securities owned by the master fund will be posted on the ING Funds' website or included in the Fund's Form N-PX; however, a cross-reference to the master fund's proxy voting record as filed in the SEC's EDGAR database will be included in the Fund's Form N-PX and posted on the ING Funds' website. If any feeder fund was solicited for vote by its underlying master fund during the reporting period, a record of the votes cast by means of the pass-through process described in Section III above will be included on the ING Funds' website and in the Fund's Form N-PX.

**EXHIBIT 1**

**to the**

**ING Funds**

**Proxy Voting Procedures**

ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND

ING EMERGING MARKETS HIGH DIVIDEND EQUITY FUND

ING EMERGING MARKETS LOCAL BOND FUND

ING EQUITY TRUST

ING FUNDS TRUST

ING GLOBAL ADVANTAGE AND PREMIUM OPPORTUNITY FUND

ING GLOBAL EQUITY DIVIDEND AND PREMIUM OPPORTUNITY FUND

ING INFRASTRUCTURE, INDUSTRIALS AND MATERIALS FUND

ING INTERNATIONAL HIGH DIVIDEND EQUITY INCOME FUND

ING INVESTORS TRUST(1)

ING MAYFLOWER TRUST

ING MUTUAL FUNDS

ING PARTNERS, INC.

ING PRIME RATE TRUST

ING RISK MANAGED NATURAL RESOURCES FUND

ING SENIOR INCOME FUND

ING SEPARATE PORTFOLIOS TRUST

ING VARIABLE INSURANCE TRUST

ING VARIABLE PRODUCTS TRUST

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(1) *Sub-Adviser-Voted Series:* ING Franklin Mutual Shares Portfolio



**EXHIBIT 2**

**to the**

**ING Funds**

**Proxy Voting Procedures**

**ING INVESTMENTS, LLC,**

**ING INVESTMENT MANAGEMENT CO.**

**AND**

**DIRECTED SERVICES LLC**

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**PROXY VOTING PROCEDURES**

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**I. INTRODUCTION**

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

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

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

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

Unless otherwise noted, best efforts shall be used to vote proxies in all instances.

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**II. ROLES AND RESPONSIBILITIES**

A. Proxy Coordinator

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

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

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

B. Agent

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

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



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

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

C. Proxy Group

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

A minimum of four (4) members of the Proxy Group (or three (3) if one member of the quorum is either the Fund's Chief Investment Risk Officer or Chief Financial Officer) shall constitute a quorum for purposes of taking action at any meeting of the Group. The vote of a simple majority of the members present and voting shall determine any matter submitted to a vote. Tie votes shall be broken by securing the vote of members not present at the meeting; provided, however, that the Proxy Coordinator shall ensure compliance with all applicable voting and conflict of interest procedures and shall use best efforts to secure votes from all or as many absent members as may reasonably be accomplished. A member of the Proxy Group may abstain from voting on any given matter, provided that quorum is not lost for purposes of taking action and that the abstaining member still participates in any conflict of interest processes required in connection with the matter. The Proxy Group may meet in person or by telephone. The Proxy Group also may take action via electronic mail in lieu of a meeting, provided that each Group member has received a copy of any relevant electronic mail transmissions circulated by each other participating Group member prior to voting and provided that the Proxy Coordinator follows the directions of a majority of a quorum (as defined above) responding via electronic mail. For all votes taken in person or by telephone or teleconference, the vote shall be taken outside the presence of any person other than the members of the Proxy Group and such other persons whose attendance may be deemed appropriate by the Proxy Group from time to time in furtherance of its duties or the day-to-day administration of the Funds. In its discretion, the Proxy Group may provide the Proxy Coordinator with standing instructions to perform responsibilities assigned herein to the Proxy Group, or activities in support thereof, on its behalf, provided that such

instructions do not contravene any requirements of these Adviser Procedures or a Fund's Procedures and Guidelines.

A meeting of the Proxy Group will be held whenever (1) the Proxy Coordinator receives a recommendation from an Investment Professional to vote a Fund's proxy contrary to the Guidelines, or the recommendation of the Agent, where applicable, (2) the Agent has made no recommendation with respect to a vote on a proposal, or (3) a matter requires case-by-case consideration, including those in which the Agent's recommendation is deemed to be conflicted as provided for under these Adviser Procedures, provided that, if the Proxy Group has previously provided the Proxy Coordinator with standing instructions to vote in accordance with the Agent's recommendation and no issue of conflict must be considered, the Proxy Coordinator may implement the instructions without calling a meeting of the Proxy Group.

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

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

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

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

D. Investment Professionals

The Funds' Advisers, sub-advisers and/or portfolio managers (each referred to herein as an Investment Professional and collectively, Investment Professionals) may submit, or be asked to submit, a recommendation to the Proxy Group regarding the voting of proxies related to the portfolio securities over which they have day-to-day portfolio management responsibility. The Investment Professionals may accompany their recommendation with any other research materials that they deem appropriate or with a request that the vote be deemed material in the context of the portfolio(s) they manage, such that lending activity on behalf of such portfolio(s) with respect to the relevant security should be reviewed by the Proxy Group and considered for recall and/or

restriction. Input from the relevant sub-advisers and/or portfolio managers shall be given primary consideration in the Proxy Group's determination of whether a given proxy vote is to be deemed material and the associated security accordingly restricted from lending. The determination that a vote is material in the context of a Fund's portfolio shall not mean that such vote is considered material across all Funds voting that meeting. In order to recall or restrict shares timely for material voting purposes, the Proxy Group shall use best efforts to consider, and when deemed appropriate, to act upon, such requests timely, and requests to review lending activity in connection with a potentially material vote may be initiated by any relevant Investment Professional and submitted for the Proxy Group's consideration at any time.

### III. VOTING PROCEDURES

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

B. Routine Matters

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

C. Matters Requiring Case-by-Case Consideration

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

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

Except in cases in which the Proxy Group has previously provided the Proxy Coordinator with standing instructions to vote in accordance with the Agent's recommendation, the Proxy Coordinator will forward the Agent's analysis and recommendation and/or any research obtained from the Investment Professional(s), the Agent or any other source to the Proxy Group. The Proxy Group may consult with the Agent and/or Investment Professional(s), as it deems necessary.

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

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

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

The Proxy Group may recommend that a Fund refrain from voting under circumstances including, but not limited to, the following: (1) if the economic effect on shareholders' interests or the value of the portfolio holding is indeterminable or insignificant, *e.g.*, proxies in connection with fractional shares, securities no longer held in the portfolio of an ING Fund or proxies being considered on behalf of a Fund that is no longer in existence; or (2) if the cost of voting a proxy outweighs the benefits, *e.g.*, certain international proxies, particularly in cases in which share blocking practices may impose trading restrictions on the relevant portfolio security. In such instances, the Proxy Group may instruct the Agent, through the Proxy Coordinator, not to vote such proxy. The Proxy Group may provide the Proxy Coordinator with standing instructions on parameters that would dictate a Non-Vote without the Proxy Group's review of a specific proxy.

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

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

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

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

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

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

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

**A. Assessment of the Agent**

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

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

**B. Conflicts of Interest**

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

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

For all matters for which the Proxy Group recommends an Out-of-Guidelines Vote, or for which a recommendation contrary to that of the Agent or the Guidelines has been received from an Investment Professional and is to be utilized, the Proxy Coordinator will implement the procedures for handling such votes as adopted by the Fund's Board, including completion of such Conflicts Reports as may be required under the Fund's Procedures. Completed Conflicts Reports should be provided to the Proxy Coordinator within two (2) business days and may be submitted to the Proxy Coordinator verbally, provided the Proxy Coordinator documents the Conflicts Report in writing. Such Conflicts Report should describe any known conflicts of either a business or personal nature, and set forth any contacts with respect to the referral item with non-investment personnel in its organization or with outside parties (except for routine communications from proxy solicitors). The Conflicts Report should also include written confirmation that any recommendation from an Investment Professional provided in connection with an Out-of-Guidelines Vote or under circumstances where a conflict of interest exists was made solely on the investment merits and without regard to any other consideration.

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

#### **V. REPORTING AND RECORD RETENTION**

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

behalf of a Fund. All proxy voting materials and supporting documentation will be retained for a minimum of six (6) years, the first two years in the Advisers' office.

**APPENDIX 1**

**to the**

**Advisers Proxy Voting Procedures**

**Proxy Group for registered investment company clients of ING Investments, LLC, ING Investment Management Co. and Directed Services LLC:**

<b>Name</b>	<b>Title or Affiliation</b>
Stanley D. Vyner	Chief Investment Risk Officer and Executive Vice President, ING Investments, LLC
Todd Modic	Senior Vice President, ING Funds Services, LLC and ING Investments, LLC; and Chief Financial Officer of the ING Funds
Maria Anderson	Vice President of Fund Compliance, ING Funds Services, LLC
Karla J. Bos	Proxy Coordinator for the ING Funds and Assistant Vice President Proxy Voting, ING Funds Services, LLC
Julius A. Drelick III, CFA	Vice President, Platform Product Management and Project Management, ING Funds Services, LLC
Harley Eisner	Vice President of Financial Analysis, ING Funds Services, LLC
Theresa K. Kelety, Esq.	Vice President and Senior Counsel, ING Funds

Effective as of January 1, 2010



**EXHIBIT 3**

to the

**ING Funds  
Proxy Voting Procedures**

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**PROXY VOTING GUIDELINES OF THE ING FUNDS**

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**I. INTRODUCTION**

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

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

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

**II. GUIDELINES**

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

**General Policies**

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These Guidelines apply to securities of publicly traded companies and to those of privately held companies if publicly available disclosure permits such application. All matters for which such disclosure is not available shall be considered CASE-BY-CASE.

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

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

Unless otherwise provided for herein, it shall generally be the policy of the Funds to vote in accordance with the Agent's recommendation when such recommendation aligns with the recommendation of the relevant issuer's management or management has made no recommendation. However, this policy shall not apply to CASE-BY-CASE proposals for which a contrary recommendation from the Investment Professional for the relevant Fund has been received and is to be utilized, provided that incorporation of any such recommendation shall be subject to the conflict of interest review process required under the Procedures.

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

Except as otherwise provided for herein, it shall generally be the policy of the Funds not to support proposals that would impose a negative impact on existing rights of the Funds to the extent that any positive impact would not be deemed sufficient to outweigh removal or diminution of such rights.

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

Interpretation and application of these Guidelines is not intended to supersede any law, regulation, binding agreement or other legal requirement to which an issuer may be or become subject. No proposal shall be supported whose implementation would contravene such requirements.

**1. The Board of Directors**

**Voting on Director Nominees in Uncontested Elections**

Unless otherwise provided for herein, the Agent's standards with respect to determining director independence shall apply. These standards generally provide that, to be considered completely



independent, a director shall have no material connection to the company other than the board seat.

Agreement with the Agent's independence standards shall not dictate that a Fund's vote shall be cast according to the Agent's corresponding recommendation. Votes on director nominees not subject to specific policies described herein should be made on a CASE-BY-CASE basis.

Where applicable and except as otherwise provided for herein, it shall generally be the policy of the Funds to lodge disagreement with an issuer's policies or practices by withholding support from a proposal for the relevant policy or practice rather than the director nominee(s) to which the Agent assigns a correlation. Support shall be withheld from nominees deemed responsible for governance shortfalls, but if they are not standing for election (*e.g.*, the board is classified), support shall generally not be withheld from others in their stead. When a determination is made to withhold support due to concerns other than those related to an individual director's independence or actions, responsibility may be attributed to the entire board, a committee, or an individual (such as the CEO or committee chair), taking into consideration whether the desired effect is to send a message or to remove the director from service.

Where applicable and except as otherwise provided for herein, generally vote FOR nominees in connection with issues raised by the Agent if the nominee did not serve on the board or relevant committee during the majority of the time period relevant to the concerns cited by the Agent.

WITHHOLD support from a nominee who, during both of the most recent two years, attended less than 75 percent of the board and committee meetings without a valid reason for the absences. WITHHOLD support if two-year attendance cannot be ascertained from available disclosure. DO NOT WITHHOLD support in connection with attendance issues for nominees who have served on the board for less than the two most recent years.

Unless a company has implemented a policy that should reasonably prevent abusive use of its poison pill, WITHHOLD support from nominees responsible for implementing excessive anti-takeover measures, including failure to remove restrictive poison pill features or to ensure a pill's expiration or timely submission to shareholders for vote. Rather than follow the Agent's practice of withholding support from all incumbent nominees, responsibility will generally be assigned to the board chair or, if not standing for election, the lead director. If neither is standing for election, WITHHOLD support from all continuing directors.

Consider on a CASE-BY-CASE basis any nominee whom the Agent cites as having failed to implement a majority-approved shareholder proposal. Vote FOR if the shareholder proposal has been reasonably addressed. Proposals seeking shareholder ratification of a poison pill may be deemed reasonably addressed if the company has implemented a policy that should reasonably prevent abusive use of the pill. WITHHOLD support if the shareholder proposal at issue is supported under these Guidelines and the board has not disclosed its reasoning for not implementing the proposal.

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If the board has not acted upon negative votes (WITHHOLD or AGAINST, as applicable based on the issuer's election standard) representing a majority of the votes cast at the previous annual meeting, consider board nominees on a CASE-BY-CASE basis. Generally, vote FOR nominees when:

(1) The issue relevant to the majority negative vote has been adequately addressed or cured, which may include disclosure of the board's rationale; or

(2) The Funds' Guidelines or voting record do not support the relevant issue causing the majority negative vote.

If the above provisions have not been satisfied, generally WITHHOLD support from the chair of the nominating committee, or if not standing for election, consider CASE-BY-CASE.

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

Vote FOR inside directors or affiliated outside directors who sit on the nominating or compensation committee, provided that such committee meets the applicable independence requirements of the relevant listing exchange.

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

### Compensation Practices:

It shall generally be the policy of the Funds that matters of compensation are best determined by an independent board and compensation committee. Votes on director nominees in connection with compensation practices should be considered on a CASE-BY-CASE basis, and generally:

(1) Say on pay. If shareholders have been provided with an advisory vote on executive compensation (say on pay), and practices not supported under these Guidelines have been identified, it shall generally be the policy of the Funds to align with the Agent when a vote AGAINST the say on pay proposal has been recommended in lieu of withholding support from certain nominees for compensation concerns. Issuers receiving negative recommendations on both director nominees and say on pay regarding issues not otherwise supported by these Guidelines will be considered on a CASE-BY-CASE basis.

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(2) Tenure. Where applicable and except as otherwise provided for herein, vote FOR nominees who did not serve on the compensation committee, or board, as applicable based on the Agent's analysis, during the majority of the time period relevant to the concerns cited by the Agent.

(3) Pay for performance. Consider nominees receiving an adverse recommendation from the Agent CASE-BY-CASE when the Agent has identified a pay practice (or combination of practices) not otherwise supported under these Guidelines that appears to have created a misalignment between CEO pay and performance with regard to

shareholder value. Generally vote FOR nominees if the company has provided a reasonable rationale regarding pay and performance, or has demonstrated that they are reasonably correlated, or when the increased compensation relates solely to a practice or practices (such as an increase in option awards or base salary) not deemed inherently problematic by the Agent. Generally WITHHOLD support from nominees for structuring equity compensation such that pay is unreasonably insulated from performance conditions.

(4) Pay disparity. Generally DO NOT WITHHOLD support from director nominees solely due to internal pay disparity as assessed by the Agent, but consider pay magnitude concerns on a CASE-BY-CASE basis.

(5) Change in control provisions. If the Agent recommends withholding support from nominees in connection with overly liberal change in control provisions, including those lacking a double trigger, vote FOR such nominees if mitigating provisions or board actions (*e.g.*, clawbacks) are present, but generally WITHHOLD support if they are not. If the Agent recommends withholding support from nominees in connection with potential change in control payments or tax-gross-ups on change in control payments, vote FOR the nominees if the amount appears reasonable and no material governance concerns exist. Generally WITHHOLD support if the amount is so significant (individually or collectively) as to potentially influence an executive's decision to enter into a transaction or to effectively act as a poison pill.

(6) Repricing. If the Agent recommends withholding support from nominees in connection with their failure to seek a shareholder vote on plans to reprice, replace, buy back or exchange options, generally WITHHOLD support from such nominees, except that cancellation of options would not be considered an exchange unless the cancelled options were regranted or expressly returned to the plan reserve for reissuance.

(7) Tax benefits. If the Agent recommends withholding support from nominees that have approved compensation that is ineligible for tax benefits to the company (*e.g.*, under Section 162(m) of OBRA), vote FOR such nominees if the company has provided an adequate rationale or the plan itself is being put to shareholder vote at the same meeting. If the plan is up for vote, the provisions under Section 8., OBRA-Related Compensation Proposals, shall apply.

(8) Director perquisites. If the Agent recommends withholding support from nominees in connection with director compensation in the form of perquisites, generally vote FOR the nominees if the cost is reasonable in the context of the directors' total compensation and the perquisites themselves appear reasonable given their purpose, the directors' duties and the company's line of business.

(9) Incentive plans. Generally WITHHOLD support from nominees in connection with long-term incentive plans, or total executive compensation packages, inadequately aligned with shareholders because they are overly cash-based/lack an appropriate equity component, except that such cases will be considered CASE-BY-CASE in connection with executives already holding significant equity positions. Generally consider nominees on a CASE-BY-CASE basis in connection with short-term incentive plans over which the nominee has exercised discretion to exclude extraordinary items,



and WITHHOLD support if treatment of such items has been inconsistent (*e.g.*, exclusion of losses but not gains).

(10) Options backdating. If the Agent has raised issues of options backdating, consider members of the compensation committee, or board, as applicable, as well as company executives nominated as directors, on a CASE-BY-CASE basis.

(11) Independence from management. Generally WITHHOLD support from nominees cited by the Agent for permitting named executives to have excessive input into setting their own compensation.

(12) Multiple concerns. If the Agent recommends withholding support from nominees in connection with other compensation practices such as tax gross-ups, perquisites, retention or recruitment provisions (including contract length or renewal provisions), guaranteed awards, pensions/SERPs, severance or termination arrangements, vote FOR such nominees if the issuer has provided adequate rationale and/or disclosure, factoring in any overall adjustments or reductions to the compensation package at issue. Generally DO NOT WITHHOLD support solely due to any single such practice if the total compensation appears reasonable, but consider on a CASE-BY-CASE basis compensation packages representing a combination of such provisions and deemed by the Agent to be excessive.

(13) Commitments. Generally, vote FOR nominees receiving an adverse recommendation from the Agent due to problematic pay practices if the issuer makes a public commitment (*e.g.*, via a Form 8-K filing) to rectify the practice on a going-forward basis.

(14) Other. If the Agent has raised other considerations regarding poor compensation practices, consider nominees on a CASE-BY-CASE basis.

Accounting Practices:

(1) Generally, vote FOR independent outside director nominees serving on the audit committee.

(2) Where applicable and except as otherwise provided for herein, generally vote FOR nominees serving on the audit committee, or the company's CEO or CFO if nominated as directors, who did not serve on that committee or have responsibility over the relevant financial function, as applicable, during the majority of the time period relevant to the concerns cited by the Agent.

(3) If the Agent has raised concerns regarding poor accounting practices, consider the company's CEO and CFO, if nominated as directors, and nominees serving on the audit committee on a CASE-BY-CASE basis. Generally vote FOR nominees if the company has taken adequate steps to remediate the concerns cited, which would typically include removing or replacing the responsible executives, and if the concerns are not re-occurring and/or the company has not yet had a full year to remediate the concerns since the time they were identified.

(4) If total non-audit fees exceed the total of audit fees, audit-related fees and tax compliance and preparation fees, the provisions under Section 3., Auditor Ratification, shall apply.

Board Independence:

It shall generally be the policy of the Funds that a board should be majority independent and therefore to consider inside director or affiliated outside director nominees when the full board is not majority independent on a CASE-BY-CASE basis. Generally:

- (1) WITHHOLD support from the fewest directors whose removal would achieve majority independence across the remaining board, except that support may be withheld from additional nominees whose relative level of independence cannot be differentiated.
- (2) WITHHOLD support from all non-independent nominees, including the founder, chairman or CEO, if the number required to achieve majority independence is equal to or greater than the number of non-independent nominees.
- (3) Except as provided above, vote FOR non-independent nominees in the role of CEO, and when appropriate, founder or chairman, and determine support for other non-independent nominees based on the qualifications and contributions of the nominee as well as the Funds voting precedent for assessing relative independence to management, *e.g.*, insiders holding senior executive positions are deemed less independent than affiliated outsiders with a transactional or advisory relationship to the company, and affiliated outsiders with a material transactional or advisory relationship are deemed less independent than those with lesser relationships.
- (4) Non-voting directors (*e.g.*, director emeritus or advisory director) shall be excluded from calculations with respect to majority board independence.
- (5) When conditions contributing to a lack of majority independence remain substantially similar to those in the previous year, it shall generally be the policy of the Funds to vote on nominees in a manner consistent with votes cast by the Fund(s) in the previous year.

Generally vote FOR nominees without regard to over-boarding issues raised by the Agent unless other concerns requiring CASE-BY-CASE consideration have been raised.

Generally, when the Agent recommends withholding support due to assessment that a nominee acted in bad faith or against shareholder interests in connection with a major transaction, such as a merger or acquisition, or if the Agent recommends withholding support due to other material failures or egregious actions, consider on a CASE-BY-CASE basis, factoring in the merits of the nominee's performance and rationale and disclosure provided. If the Agent cites concerns regarding actions in connection with a candidate's service on another board, vote FOR the nominee if the issuer has provided adequate rationale regarding the board's process for determining the appropriateness of the nominee to serve on the board under consideration.

**Performance Test for Directors**

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Consider nominees failing the Agent's performance test, which includes market-based and operating performance measures, on a CASE-BY-CASE basis. Input from the Investment Professional(s) for a given Fund shall be given primary consideration with respect to such proposals.

Support will generally be WITHHELD from nominees receiving a negative recommendation from the Agent due to sustained poor stock performance (measured by one- and three-year total

shareholder returns) combined with multiple takeover defenses/entrenchment devices if the issuer:

- (1) Is a controlled company or has a non-shareholder-approved poison pill in place, without provisions to redeem or seek approval in a reasonable period of time; and
- (2) Maintains a dual class capital structure, imposes a supermajority vote requirement or has authority to issue blank check preferred stock.

Nominees receiving a negative recommendation from the Agent due to sustained poor stock performance combined with other takeover defenses/entrenchment devices will be considered on a CASE-BY-CASE basis.

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

Generally, except as otherwise provided for herein, vote AGAINST shareholder proposals to impose new board structures or policies, including those requiring that the positions of chairman and CEO be held separately, but vote FOR proposals in connection with a binding agreement or other legal requirement to which an issuer has or reasonably may expect to become subject, and consider such proposals on a CASE-BY-CASE basis if the board is not majority independent or corporate governance concerns have been identified. Generally, except as otherwise provided for herein, vote FOR management proposals to adopt or amend board structures or policies, except consider such proposals on a CASE-BY-CASE basis if the board is not majority independent, corporate governance concerns have been identified, or the proposal may result in a material reduction in shareholders' rights.

Generally, vote AGAINST shareholder proposals:

- Asking that more than a simple majority of directors be independent.
- Asking that the independence of the compensation and/or nominating committees be greater than that required by the listing exchange.
- Limiting the number of public company boards on which a director may serve.
- Seeking to redefine director independence or directors' specific roles (*e.g.*, responsibilities of the lead director).
- Requesting creation of additional board committees or offices, except as otherwise provided for herein.
- Limiting the tenure of outside directors or impose a mandatory retirement age for outside directors (unless the proposal seeks to relax existing standards), but generally vote FOR management proposals in this regard.

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

### **Stock Ownership Requirements**

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

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

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

(1) The director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company; and

(2) Only if the director's legal expenses would be covered.

### **2. Proxy Contests**

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

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

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

### **Reimburse Proxy Solicitation Expenses**

Voting to reimburse proxy solicitation expenses should be analyzed on a CASE-BY-CASE basis, generally voting FOR if associated nominees are also supported.

### **3. Auditors**

#### **Ratifying Auditors**

Generally, except in cases of poor accounting practices or high non-audit fees, vote FOR management proposals to ratify auditors. Consider management proposals to ratify auditors on a CASE-BY-CASE basis if the Agent cites poor accounting practices. If fees for non-audit services exceed 50 percent of total auditor fees as described below, consider on a CASE-BY-CASE basis, voting AGAINST management proposals to ratify auditors only if concerns exist that remuneration for the non-audit work is so lucrative as to taint the auditor's independence. For purposes of this review, fees deemed to be reasonable, generally non-recurring exceptions to the non-audit fee category (*e.g.*, those related to an IPO) shall be excluded. Generally vote FOR shareholder proposals asking the issuer to present its auditor annually for ratification.

**Auditor Independence**

Generally, consider shareholder proposals asking companies to prohibit their auditors from engaging in non-audit services (or capping the level of non-audit services) on a CASE-BY-CASE basis.



**Audit Firm Rotation**

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

**4. Proxy Contest Defenses**

Presentation of management and shareholder proposals on the same matter on the same agenda shall not require a Fund to vote FOR one and AGAINST the other.

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

Generally, vote AGAINST proposals to classify the board or otherwise restrict shareholders' ability to vote upon directors and FOR proposals to repeal classified boards and to elect all directors annually.

**Shareholder Ability to Remove Directors**

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

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

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

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

**Cumulative Voting**

If the company is controlled or maintains a classified board of directors, generally, vote AGAINST management proposals to eliminate cumulative voting, except that such proposals may be supported irrespective of classification in furtherance of an issuer's plan to adopt a majority voting standard, and vote FOR shareholder proposals to restore or permit cumulative voting.

**Time-Phased Voting**

Generally, vote AGAINST proposals to implement, and FOR proposals to eliminate, time-phased or other forms of voting that do not promote a one share, one vote standard.

**Shareholder Ability to Call Special Meetings**

Generally, vote FOR management or shareholder proposals that provide shareholders with the ability to call special meetings.

**Shareholder Ability to Act by Written Consent**

Generally, vote AGAINST shareholder proposals seeking the right to act by written consent if the issuer:

- (1) Permits shareholders to call special meetings;
- (2) Does not impose supermajority vote requirements; and
- (3) Has otherwise demonstrated its accountability to shareholders (*e.g.*, the company has reasonably addressed majority-supported shareholder proposals).

Consider management proposals to eliminate the right to act by written consent on a CASE-BY-CASE basis, generally voting FOR if the above conditions are present.

Generally, vote FOR shareholder proposals seeking the right to act by written consent if the above conditions are not present.

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

Generally, vote FOR proposals that seek to fix the size of the board or designate a range for its size.

Generally, vote AGAINST proposals that give management the ability to alter the size of the board outside of a specified range without shareholder approval.

#### **5. Tender Offer Defenses**

##### **Poison Pills**

Generally, vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification, or to redeem its pill in lieu thereof, unless (1) shareholders have approved adoption of the plan, (2) a policy has already been implemented by the company that should reasonably prevent abusive use of the pill, or (3) the board had determined that it was in the best interest of shareholders to adopt a pill without delay, provided that such plan would be put to shareholder vote within twelve months of adoption or expire, and if not approved by a majority of the votes cast, would immediately terminate.

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

Review on a CASE-BY-CASE basis management proposals to approve or ratify a poison pill or any plan or charter amendment (*e.g.*, investment restrictions) that can reasonably be construed as an anti-takeover measure, with voting decisions generally based on the Agent's approach to evaluating such proposals, considering factors such as rationale, trigger level and sunset provisions. Votes will generally be cast in a manner that seeks to preserve shareholder value and the right to consider a valid offer, voting AGAINST management proposals in connection with poison pills or anti-takeover activities that do not meet the Agent's standards.

##### **Fair Price Provisions**

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

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

### **Greenmail**

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

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

### **Pale Greenmail**

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

### **Unequal Voting Rights**

Generally, vote AGAINST dual-class exchange offers and dual-class recapitalizations.

### **Supermajority Shareholder Vote Requirement**

Generally, vote AGAINST proposals to require a supermajority shareholder vote.

Generally, vote FOR management or shareholder proposals to lower supermajority shareholder vote requirements, unless, for companies with shareholder(s) with significant ownership levels, the Agent recommends retention of existing supermajority requirements in order to protect minority shareholder interests.

### **White Squire Placements**

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

## **6. Miscellaneous**

### **Amendments to Corporate Documents**

Except to align with legislative or regulatory changes or when support is recommended by the Agent or Investment Professional (including, for example, as a condition to a major transaction such as a merger), generally, vote AGAINST proposals seeking to remove shareholder approval requirements or otherwise remove or diminish shareholder rights, *e.g.*, by (1) adding restrictive provisions, (2) removing provisions or moving them to portions of the charter not requiring shareholder approval, or (3) in corporate structures such as holding companies, removing provisions in an active subsidiary's charter that provide voting rights to parent company shareholders. This policy would also generally apply to proposals seeking approval of corporate agreements or amendments to such agreements that the Agent recommends AGAINST because a similar reduction in shareholder rights is requested.

Generally, vote AGAINST proposals for charter amendments that support board entrenchment or may be used as an anti-takeover device (or to further anti-takeover conditions), particularly if the proposal is bundled or the board is classified.

Generally, vote FOR proposals seeking charter or bylaw amendments to remove anti-takeover provisions.

Consider proposals seeking charter or bylaw amendments not addressed under these Guidelines on a CASE-BY-CASE basis.

**Confidential Voting**

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

- In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy.
- If the dissidents agree, the policy remains in place.
- If the dissidents do not agree, the confidential voting policy is waived.

Generally, vote FOR management proposals to adopt confidential voting.

#### **Proxy Access**

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

#### **Majority Voting Standard**

Except as otherwise provided for herein, it shall generally be the policy of the Funds to extend discretion to issuers to determine when it may be appropriate to adopt a majority voting standard. Generally, vote FOR management proposals, provided the proposal contains a plurality carve-out for contested elections, but AGAINST shareholder proposals unless also supported by management, seeking election of directors by the affirmative vote of the majority of votes cast in connection with a meeting of shareholders, including amendments to corporate documents or other actions in furtherance of a majority standard, and provided such standard does not conflict with state law in which the company is incorporated. For issuers with a history of significant corporate governance concerns, consider such proposals on a CASE-BY-CASE basis.

#### **Bundled Proposals**

Except as otherwise provided for herein, review on a CASE-BY-CASE basis bundled or conditioned proxy proposals, generally voting AGAINST bundled proposals containing one or more items not supported under these Guidelines if the Agent or an Investment Professional deems the negative impact, on balance, to outweigh any positive impact.

#### **Shareholder Advisory Committees**

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

#### **Reimburse Shareholder for Expenses Incurred**

Voting to reimburse expenses incurred in connection with shareholder proposals should be analyzed on a CASE-BY-CASE basis.

#### **Other Business**

In connection with proxies of U.S. issuers, generally vote FOR management proposals for Other Business, except in connection with a proxy contest in which a Fund is not voting in support of management.

**Quorum Requirements**

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

**Advance Notice for Shareholder Proposals**

Generally, vote FOR management proposals related to advance notice period requirements, provided that the period requested is in accordance with applicable law and no material governance concerns have been identified in connection with the issuer.



### Multiple Proposals

Multiple proposals of a similar nature presented as options to the course of action favored by management may all be voted FOR, provided that support for a single proposal is not operationally required, no one proposal is deemed superior in the interest of the Fund(s), and each proposal would otherwise be supported under these Guidelines.

### 7. Capital Structure

#### Common Stock Authorization

Review proposals to increase the number of shares of common stock authorized for issuance on a CASE-BY-CASE basis. Except where otherwise indicated, the Agent's proprietary approach of determining appropriate thresholds and, for requests above such allowable threshold, applying a company-specific, qualitative review (*e.g.*, considering rationale and prudent historical usage), will generally be utilized in evaluating such proposals.

Generally vote FOR:

- Proposals to authorize capital increases within the Agent's allowable thresholds or those in excess but meeting Agent's qualitative standards, but consider on a CASE-BY-CASE basis those requests failing the Agent's review for proposals in connection with which a contrary recommendation from the Investment Professional(s) has been received and is to be utilized (*e.g.*, in support of a merger or acquisition proposal).
- Proposals to authorize capital increases within the Agent's allowable thresholds or those in excess but meeting Agent's qualitative standards, unless the company states that the stock may be used as a takeover defense. In those cases, consider on a CASE-BY-CASE basis if a contrary recommendation from the Investment Professional(s) has been received and is to be utilized.
- Proposals to authorize capital increases exceeding the Agent's thresholds when a company's shares are in danger of being delisted or if a company's ability to continue to operate as a going concern is uncertain.

Generally, vote AGAINST:

- Proposals to increase the number of authorized shares of a class of stock if the issuance which the increase is intended to service is not supported under these Guidelines.
- Nonspecific proposals authorizing excessive discretion to a board.

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Consider management proposals to make changes to the capital structure not otherwise addressed under these Guidelines CASE-BY-CASE, generally voting with the Agent's recommendation unless a contrary recommendation has been received from the Investment Professional for the relevant Fund and is to be utilized.

### **Dual Class Capital Structures**

Generally, vote AGAINST proposals to increase the number of authorized shares of the class of stock that has superior voting rights in companies that have dual class capital structures, but consider CASE-BY-CASE if (1) bundled with favorable proposal(s), (2) approval of such

proposal(s) is a condition of such favorable proposal(s), or (3) part of a recapitalization for which support is recommended by the Agent or an Investment Professional.

Generally, vote AGAINST management proposals to create or perpetuate dual class capital structures with unequal voting rights, and vote FOR shareholder proposals to eliminate them, when the relevant Fund owns the class with inferior voting rights, but generally vote FOR management proposals and AGAINST shareholder proposals when the relevant Fund owns the class with superior voting rights. Consider CASE-BY-CASE if bundled with favorable proposal(s), (2) approval of such proposal(s) is a condition of such favorable proposal(s), or (3) part of a recapitalization for which support is recommended by the Agent or an Investment Professional.

Consider management proposals to eliminate or make changes to dual class capital structures CASE-BY-CASE, generally voting with the Agent's recommendation unless a contrary recommendation has been received from the Investment Professional for the relevant Fund and is to be utilized.

#### **Stock Distributions: Splits and Dividends**

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

#### **Reverse Stock Splits**

Consider on a CASE-BY-CASE basis management proposals to implement a reverse stock split. In the event the split constitutes a capital increase effectively exceeding the Agent's allowable threshold because the request does not proportionately reduce the number of shares authorized, consider management's rationale and/or disclosure, generally voting FOR, but generally not supporting additional requests for capital increases on the same agenda.

#### **Preferred Stock**

Review proposals to increase the number of shares of preferred stock authorized for issuance on a CASE-BY-CASE basis, and except where otherwise indicated, generally utilize the Agent's approach for evaluating such proposals. This approach incorporates both qualitative and quantitative measures, including a review of past performance (*e.g.*, board governance, shareholder returns and historical share usage) and the current request (*e.g.*, rationale, whether shares are blank check and declawed, and dilutive impact as determined through the Agent's proprietary model for assessing appropriate thresholds).

Generally, vote AGAINST proposals authorizing the issuance of preferred stock or creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights (blank check preferred stock), but vote FOR if the Agent or an Investment Professional so recommends because the issuance is required to effect a merger or acquisition proposal.

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

AGAINST in cases where the company expressly states that, or fails to disclose whether, the stock may be used as a takeover defense, but vote FOR if the Agent or an Investment Professional so recommends because the issuance is required to address special circumstances such as a merger or acquisition.

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

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

#### **Shareholder Proposals Regarding Blank Check Preferred Stock**

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

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

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

#### **Preemptive Rights**

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

#### **Debt Restructurings**

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

#### **Share Repurchase Programs**

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

Generally, vote FOR management proposals to cancel repurchased shares.

Generally, vote AGAINST proposals for share repurchase methods lacking adequate risk mitigation or exceeding appropriate volume or duration parameters for the market.

Consider shareholder proposals seeking share repurchase programs on a CASE-BY-CASE basis, with input from the Investment Professional(s) for a given Fund to be given primary consideration.

### **Tracking Stock**

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

**8. Executive and Director Compensation**

Except as otherwise provided for herein, votes with respect to compensation and employee benefit plans should be determined on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such plans, which includes determination of costs and comparison to an allowable cap.

- Generally, vote in accordance with the Agent's recommendations FOR equity-based plans with costs within such cap and AGAINST those with costs in excess of it, except that plans above the cap may be supported if so recommended by the Agent or Investment Professional as a condition to a major transaction such as a merger.
- Generally, vote AGAINST plans if the Agent suggests cost or dilution assessment may not be possible due to the method of disclosing shares allocated to the plan(s), except that such concerns arising in connection with evergreen provisions shall be considered CASE-BY-CASE, voted FOR if the company has provided a reasonable rationale and/or adequate disclosure regarding the plan as a whole.
- Generally, vote FOR plans with costs within the cap if the primary considerations raised by the Agent pertain to burn rate thresholds set by the Agent or matters that would not result in a negative vote under these Guidelines on a management say on pay proposal or the relevant board or committee member(s).
- Generally, vote AGAINST plans administered by potential grant recipients.
- Generally, vote AGAINST proposals to eliminate existing shareholder approval requirements for material plan changes, unless the company has provided a reasonable rationale and/or adequate disclosure regarding the requested changes.
- Generally vote AGAINST long-term incentive plans that are inadequately aligned with shareholders because they lack an appropriate equity component, except that such cases will be considered CASE-BY-CASE in connection with executives already holding significant equity positions.
- Generally, vote AGAINST plans that contain an overly liberal change in control definition (*e.g.*, does not result in actual change in control).
- Consider plans CASE-BY-CASE if the Agent raises other considerations not otherwise provided for herein.

**Restricted Stock or Stock Option Plans**

Consider proposals for restricted stock or stock option plans, or the issuance of shares in connection with such plans, on a CASE-BY-CASE basis, considering factors such as level of disclosure and adequacy of vesting or performance requirements. Plans that do not meet the Agent's criteria in this regard may be supported, but vote AGAINST if no disclosure is provided regarding either vesting or performance requirements.

**Management Proposals Seeking Approval to Reprice Options**

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Review on a CASE-BY-CASE basis management proposals seeking approval to reprice, replace or exchange options, considering factors such as rationale, historic trading patterns, value-for-value exchange, vesting periods and replacement option terms. Generally, vote FOR proposals that meet the Agent's criteria for acceptable repricing, replacement or exchange transactions,



except that considerations raised by the Agent regarding burn rate or executive participation shall not be grounds for withholding support.

Vote AGAINST compensation plans that (1) permit or may permit (*e.g.*, history of repricing and no express prohibition against future repricing) repricing of stock options, or any form or alternative to repricing, without shareholder approval, (2) include provisions that permit repricing, replacement or exchange transactions that do not meet the Agent's criteria (except regarding burn rate or executive participation as noted above), or (3) give the board sole discretion to approve option repricing, replacement or exchange programs.

#### **Director Compensation**

Votes on stock-based plans for directors are made on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's quantitative approach described above as well as a review of qualitative features of the plan when costs exceed the Agent's threshold. DO NOT VOTE AGAINST plans for which burn rate is the sole consideration raised by the Agent.

#### **Employee Stock Purchase Plans**

Votes on employee stock purchase plans, and capital issuances in support of such plans, should be made on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such plans, except that negative recommendations by the Agent due to evergreen provisions will be reviewed CASE-BY-CASE, voted FOR if the company has provided a reasonable rationale and/or adequate disclosure regarding the plan as a whole.

#### **OBRA-Related Compensation Proposals**

Votes on plans intended to qualify for favorable tax treatment under the provisions of Section 162(m) of OBRA should be evaluated irrespective of the Agent's assessment of board independence, provided that the board meets the independence requirements of the relevant listing exchange and no potential recipient under the plan(s) sits on the committee that exercises discretion over the related compensation awards. Unless the issuer has provided a compelling rationale, generally vote with the Agent's recommendations AGAINST plans that deliver excessive compensation that fails to qualify for favorable tax treatment.

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

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

#### **Amendments to Add Performance-Based Goals**

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

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

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

CASE-BY-CASE basis, generally voting FOR such plans that do not raise any negative concerns under these Guidelines.

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

Generally, vote FOR cash or cash-and-stock bonus plans to exempt the compensation from taxes under the provisions of Section 162(m) of OBRA, with primary consideration given to management's assessment that such plan meets the requirements for exemption of performance-based compensation.

#### **Shareholder Proposals Regarding Executive and Director Pay**

Regarding the remuneration of individuals other than senior executives and directors, generally, vote AGAINST shareholder proposals that seek to expand or restrict disclosure or require shareholder approval beyond regulatory requirements and market practice. Vote AGAINST shareholder proposals that seek disclosure of executive or director compensation if providing it would be out of step with market practice and disruptive to the business.

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

#### **Severance and Termination Payments**

Generally, vote FOR shareholder proposals to have parachute arrangements submitted for shareholder ratification (with parachutes defined as compensation arrangements related to termination that specify change in control events) and provided that the proposal does not include unduly restrictive or arbitrary provisions such as advance approval requirements.

Generally, vote FOR shareholder proposals seeking double triggers on change in control awards.

Generally vote FOR shareholder proposals to submit executive severance agreements for shareholder ratification, if such proposals specify change in control events, Supplemental Executive Retirement Plans, or deferred executive compensation plans, or if ratification is required by the listing exchange.

Review on a CASE-BY-CASE basis all proposals to approve, ratify or cancel executive severance or termination arrangements, including those related to executive recruitment or retention. Generally vote FOR such compensation arrangements if:

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- (1) The primary considerations raised by the Agent would not result in a negative vote under these Guidelines on a management say on pay proposal or the relevant board or committee member(s);
  
- (2) The issuer has provided adequate rationale and/or disclosure; or
  
- (3) Support is recommended by the Agent or Investment Professional (*e.g.*, as a condition to a major transaction such as a merger).

However, vote in accordance with the Agent's recommendations AGAINST new or materially amended plans, contracts or payments that include single trigger change in control provisions or do not require an actual change in control in order to be triggered, except that plans, contracts or payments with single triggers may be supported if mitigating provisions or board actions (*e.g.*, clawbacks) are present.

### **Employee Stock Ownership Plans (ESOPs)**

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

### **401(k) Employee Benefit Plans**

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

### **Holding Periods**

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

### **Advisory Votes on Executive Compensation (Say on Pay)**

Generally, management proposals seeking ratification of the company's compensation program will be voted FOR unless the program includes practices or features not supported under these Guidelines and the proposal receives a negative recommendation from the Agent. Unless otherwise provided for herein, proposals not receiving the Agent's support due to concerns regarding severance/termination payments, incentive structures or vesting or performance criteria not otherwise supported by these Guidelines will be considered on a CASE-BY-CASE basis, factoring in whether the issuer has made improvements to its overall compensation program and generally voting FOR if the company has provided a reasonable rationale and/or adequate disclosure regarding the matter(s) under consideration. For say on pay proposals not supported by the Agent and referencing incentive plan concerns:

(1) Long-term incentive plans: Proposals will be voted AGAINST if they cite long-term incentive plans that are inadequately aligned with shareholders because they are cash-based or lack an appropriate equity component, except that such cases will be considered CASE-BY-CASE in connection with executives already holding significant equity positions.

(2) Short-term incentive plans: Proposals will be considered on a CASE-BY-CASE basis if they cite short-term incentive plans over which the board has exercised discretion to exclude extraordinary items, and voted AGAINST if treatment of such items has been inconsistent (*e.g.*, exclusion of losses but not gains).

Generally, vote AGAINST proposals when named executives have material input into setting their own compensation.

Generally, vote AGAINST proposals presented by issuers subject to Troubled Asset Relief Program (TARP) provisions if there is inadequate discussion of the process for ensuring that incentive compensation does not encourage excessive risk-taking.

**Frequency of Advisory Votes on Executive Compensation**

Generally, support proposals seeking an annual say on pay and oppose those seeking a less frequent say on pay.

**9. State of Incorporation**

**Voting on State Takeover Statutes**

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

**Voting on Reincorporation Proposals**

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

**10. Mergers and Corporate Restructurings**

Input from the Investment Professional(s) for a given Fund shall be given primary consideration with respect to proposals regarding business combinations, particularly those between otherwise unaffiliated parties, or other corporate restructurings being considered on behalf of that Fund.

Generally, vote FOR a proposal not typically supported under these Guidelines if a key proposal, such as a merger transaction, is contingent upon its support and a vote FOR is accordingly recommended by the Agent or an Investment Professional.

**Mergers and Acquisitions**

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

**Corporate Restructuring**

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Votes on corporate restructuring proposals, including demergers, minority squeezeouts, leveraged buyouts, spinoffs, liquidations, dispositions, divestitures and asset sales, should be considered on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such proposals.

### **Adjournment**

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

### **Appraisal Rights**

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

### **Changing Corporate Name**

Generally, vote FOR changing the corporate name.



**11. Mutual Fund Proxies**

**Approving New Classes or Series of Shares**

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

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

Generally, vote FOR these proposals.

**Master-Feeder Structure**

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

**Establish Director Ownership Requirement**

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

The matters below should be examined on a CASE-BY-CASE basis:

- Election of Directors
- Converting Closed-end Fund to Open-end Fund
- Proxy Contests
- Investment Advisory Agreements
- Preferred Stock Proposals
- 1940 Act Policies

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- Changing a Fundamental Restriction to a Nonfundamental Restriction
- Change Fundamental Investment Objective to Nonfundamental
- Name Rule Proposals
- Disposition of Assets/Termination/Liquidation
- Changes to the Charter Document
- Changing the Domicile of a Fund
- Change in Fund's Subclassification
- Distribution Agreements
- Mergers
- Reimburse Shareholder for Expenses Incurred
- Terminate the Investment Advisor

### 12. Social and Environmental Issues

Boards of directors and company management are responsible for guiding the corporation in connection with matters that are most often the subject of shareholder proposals on social and environmental issues: ensuring that the companies they oversee comply with applicable legal, regulatory and ethical standards, effectively managing risk, and assessing and addressing matters that may have a financial impact on shareholder value. The Funds will generally vote in accordance with the board's recommendation on such proposals unless it appears both that the stewardship noted above has fallen short and the issue is material to the company. The former

may be evidenced by the company's failure to align its actions and disclosure with market practice and that of its peers, or the company's having been subject to significant controversies, litigation, fines or penalties in connection with the relevant issue. Such instances will be considered CASE-BY-CASE. The Funds will generally vote AGAINST shareholder proposals seeking to dictate corporate conduct, impose excessive costs or restrictions, duplicate policies already substantially in place, or release information that would not help a shareholder evaluate an investment in the corporation as an economic matter.

**13. Global Proxies**

Companies incorporated outside the U.S. shall generally be subject to the foregoing U.S. Guidelines if they are listed on a U.S. exchange and treated as a U.S. domestic issuer by the Securities and Exchange Commission. Where applicable and not provided for otherwise herein, certain U.S. Guidelines may also be applied to companies incorporated outside the U.S., *e.g.*, companies with a significant base of U.S. operations and employees. However, the following provide for differing regulatory and legal requirements, market practices and political and economic systems existing in various global markets.

Unless otherwise provided for herein, it shall generally be the policy of the Funds to vote AGAINST global proxy proposals when the Agent recommends voting AGAINST such proposal because relevant disclosure by the issuer, or the time provided for consideration of such disclosure, is inadequate. For purposes of these global Guidelines, AGAINST shall mean withholding of support for a proposal, resulting in submission of a vote of AGAINST or ABSTAIN, as appropriate for the given market and level of concern raised by the Agent regarding the issue or lack of disclosure or time provided.

In connection with practices described herein that are associated with a firm AGAINST vote, it shall generally be the policy of the Funds to consider them on a CASE-BY-CASE basis if the Agent recommends their support (1) as the issuer or market transitions to better practices (*e.g.*, having committed to new regulations or governance codes) or (2) as the more favorable choice when shareholders must choose between alternate proposals.

**Routine Management Proposals**

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

- the opening of the shareholder meeting
- that the meeting has been convened under local regulatory requirements
- the presence of quorum
- the agenda for the shareholder meeting
- the election of the chair of the meeting

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- the appointment of shareholders to co-sign the minutes of the meeting
- regulatory filings (*e.g.*, to effect approved share issuances)
- the designation of inspector or shareholder representative(s) of minutes of meeting
- the designation of two shareholders to approve and sign minutes of meeting
- the allowance of questions
- the publication of minutes

- the closing of the shareholder meeting

Consider proposals seeking authority to call shareholder meetings on less than 21 days' notice on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to consider whether the issuer has provided clear disclosure of its compliance with any hurdle conditions for the authority imposed by applicable law and has historically limited its use of such authority to time-sensitive matters.

#### **Discharge of Management/Supervisory Board Members**

Generally, vote FOR management proposals seeking the discharge of management and supervisory board members, unless the Agent recommends AGAINST due to concern about the past actions of the company's auditors or directors or legal action is being taken against the board by other shareholders, including when the proposal is bundled. Generally do not withhold support from such proposals in connection with remuneration practices otherwise supported under these Guidelines or as a means of expressing disapproval of broader practices of the issuer or its board.

#### **Director Elections**

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

Agreement with the Agent's independence standards shall not dictate that a Fund's vote shall be cast according to the Agent's corresponding recommendation. Further, unless otherwise provided for herein, the application of Guidelines in connection with such standards shall apply only when the nominee's level of independence can be ascertained based on available disclosure. These policies generally apply to director nominees in uncontested elections; votes in contested elections, and votes on director nominees not subject to policies described herein, should be made on a CASE-BY-CASE basis, with primary consideration in contested elections given to input from the Investment Professional(s) for a given Fund.

For issuers domiciled in Canada, Finland, France, Ireland, the Netherlands, Sweden or tax haven markets, generally vote AGAINST non-independent directors when the full board serves as the audit committee, or the company does not have an audit committee.

For issuers in all markets, including those in tax haven markets and those in Japan that have adopted the U.S.-style board-with-committees structure, vote AGAINST non-independent nominees to the audit committee, or, if the slate of nominees is bundled, vote AGAINST the slate. If the slate is bundled and audit committee membership is unclear or proposed as a separate agenda item, vote FOR if the Agent otherwise recommends support. For Canadian issuers, the Funds' U.S. Guidelines with respect to audit committees shall apply; in addition, nominees (or slates of nominees) will be voted AGAINST if they do not comply with regulatory requirements to disclose audit fees broken down by category.



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Negative recommendations from the Agent on slate ballots of nominees at Canadian issuers will be considered on a CASE-BY-CASE basis if the board is classified or the Agent cites other concerns not otherwise supported by these Guidelines, generally voting AGAINST when concerns relate to dual class capital structures or other anti-takeover/entrenchment devices.

Generally, vote FOR non-independent directors when the full board serves as the compensation or nominating committee, or the company does not have a compensation or nominating committee, if the board meets the applicable independence requirements of the relevant listing exchange. Vote FOR non-independent directors who sit on the compensation or nominating committees if such committee meets the applicable independence requirements of the relevant listing exchange.

Generally follow the Agent's recommendations to vote AGAINST individuals nominated as outside/non-executive directors who do not meet the Agent's standard for independence, unless the slate of nominees is bundled, in which case the proposal(s) to elect board members shall be considered on a CASE-BY-CASE basis.

For issuers in tax haven markets, generally withhold support (AGAINST or ABSTAIN, as appropriate) from bundled slates of nominees if the board is non-majority independent. For issuers in Canada and other global markets, generally follow the Agent's standards for withholding support from bundled slates or non-independent directors (typically excluding the CEO), as applicable, if the board does not meet the Agent's independence standards or the board's independence cannot be ascertained due to inadequate disclosure.

For issuers in Japan, generally follow the Agent's recommendations in furtherance of greater board independence and minority shareholder protections, including:

- At listed subsidiary companies with controlling shareholders, if the board after the shareholder meeting does not include at least two directors deemed independent under the Agent's standards, generally vote AGAINST reelection of top executives.
- At companies with a three-committee structure, generally vote AGAINST outside director nominees not deemed independent under the Agent's standards; however, generally vote FOR affiliated outsiders if the board after the shareholder meeting is majority independent.

Generally, withhold support (AGAINST or ABSTAIN, as appropriate) from nominees or slates of nominees presented in a manner not aligned with market practice and/or legislation, including:

- Bundled slates of nominees (*e.g.*, France, Hong Kong or Spain);
- Simultaneous reappointment of retiring directors (*e.g.*, South Africa);
- In markets with term lengths capped by legislation or market practice, nominees whose terms exceed the caps or are not disclosed (except that bundled slates with such lack of disclosure shall be considered on a CASE-BY-CASE basis); or





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- Nominees whose names are not disclosed in advance of the meeting (*e.g.*, Austria, Philippines, Hong Kong or South Africa) or far enough in advance relative to voting deadlines (*e.g.*, Italy) to make an informed voting decision.

Such criteria will not generally provide grounds for withholding support in countries in which they may be identified as best practice but such legislation or market practice is not yet applicable, unless specific governance shortfalls identified by the Agent (*e.g.*, director terms longer than four years) indicate diminished accountability to shareholders and so dictate that less latitude should be extended to the issuer.

Generally vote FOR nominees without regard to recommendations that the position of chairman should be separate from that of CEO or otherwise required to be independent, unless other concerns requiring CASE-BY-CASE consideration have been raised. The latter would include former CEOs proposed as board chairmen in markets such as the United Kingdom for which best practice and the Agent recommend against such practice.

When cumulative or net voting applies, generally vote with the Agent's recommendation to support nominees asserted by the issuer to be independent, even if independence disclosure or criteria fall short of Agent's standards.

Consider nominees for whom the Agent has raised concerns regarding scandals or internal controls on a CASE-BY-CASE basis, generally withholding support (AGAINST or ABSTAIN, as appropriate) from nominees or slates of nominees when:

- The scandal or shortfall in controls took place at the company, or an affiliate, for which the nominee is being considered;
- Culpability can be attributed to the nominee (*e.g.*, nominee manages or audits relevant function); and
- The nominee has been directly implicated, with resulting arrest and criminal charge or regulatory sanction.

Consider non-independent nominees on a CASE-BY-CASE basis when the Agent has raised concerns regarding diminished shareholder value as evidenced by a significant drop in share price, generally voting with Agent's recommendation AGAINST such nominees when few, if any, outside directors are present on the board and:

- The founding family has retained undue influence over the company despite a history of scandal or problematic controls;
- The nominees have engaged in protectionist activities such as introduction of a poison pill or preferential and/or dilutive share issuances; or
- Evidence exists regarding compliance or accounting shortfalls.

If the Agent recommends withholding support due to other material failures or egregious actions, the Funds' U.S. Guidelines with respect to such issues shall apply.

Consider nominees serving on the remuneration committee on a CASE-BY-CASE basis if the Agent recommends withholding support from nominees in connection with remuneration

practices not otherwise supported by these Guidelines, including cases in which the issuer has not followed market practice by submitting a resolution on executive compensation.

For issuers in markets in which nominees' attendance records are adequately disclosed, the Funds' U.S. Guidelines with respect to director attendance shall apply. The same two-year attendance policy shall be applied regarding attendance by directors and statutory auditors of Japanese companies if year-over-year data can be tracked by nominee. For issuers in Canada, generally vote AGAINST a slate of nominees if one or more nominees fail the attendance Guideline, unless the Agent cites compelling reasons for supporting the slate (*e.g.*, the issuer's commitment to replace slate elections with individual elections within a year).

Consider self-nominated director candidates on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such candidates, except that (1) an unqualified candidate will generally not be supported simply to effect a protest vote and (2) cases of multiple self-nominated candidates may be considered as a proxy contest if similar issues are raised (*e.g.*, potential change in control).

Generally vote FOR nominees without regard to over-boarding issues raised by the Agent unless other concerns requiring CASE-BY-CASE consideration have been raised.

In cases where a director holds more than one board seat and corresponding votes, manifested as one seat as a physical person plus an additional seat as a representative of a legal entity, generally vote with the Agent's recommendation to withhold support (AGAINST or ABSTAIN, as appropriate) from the legal entity and vote on the physical person.

Generally, vote with the Agent's recommendation to withhold support (AGAINST or ABSTAIN, as appropriate) from nominees for whom support has become moot since the time the individual was nominated (*e.g.*, due to death, disqualification or determination not to accept appointment).

Generally, vote with the Agent's recommendation when more candidates are presented than available seats and no other provisions under these Guidelines apply.

#### **Board Structure**

Generally, vote FOR proposals to fix board size, but also support proposals seeking a board range if the range is reasonable in the context of market practice and anti-takeover considerations. Proposed article amendments in this regard shall be considered on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such proposals.

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

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Generally, vote in accordance with the Agent's standards for indemnification and liability protection for officers and directors, voting AGAINST overly broad provisions.

### **Independent Statutory Auditors**

With respect to Japanese companies that have not adopted the three-committee structure, vote AGAINST any nominee to the position of independent statutory auditor whom the Agent considers affiliated, *e.g.*, if the nominee has worked a significant portion of his career for the company, its main bank or one of its top shareholders. Where shareholders must vote on multiple nominees in a single resolution, vote AGAINST all nominees. When multiple slates of statutory auditors are presented, generally vote with the Agent's recommendation, typically to support nominees deemed to be more independent and/or aligned with interests of minority shareholders.

Generally, vote AGAINST incumbent nominees at companies implicated in scandals or exhibiting poor internal controls.

### **Key Committees**

Generally, except where market practice otherwise dictates, vote AGAINST proposals that permit non-board members to serve on the audit, compensation or nominating committee, provided that bundled slates may be supported if no slate nominee serves on the relevant committee(s). If not otherwise addressed under these Guidelines, consider other negative recommendations from the Agent regarding committee members on a CASE-BY-CASE basis.

### **Director and Statutory Auditor Remuneration**

Consider director compensation plans on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such proposals, while also factoring in the merits of the rationale and disclosure provided.

Generally, vote FOR proposals to approve the remuneration of directors and auditors as long as the amount is not excessive (*e.g.*, significant increases should be supported by adequate rationale and disclosure), there is no evidence of abuse, the recipient's overall compensation appears reasonable, and the board and/or responsible committee meets exchange or market standards for independence.

For European issuers, vote AGAINST non-executive director remuneration if:

- The advance general meeting documents do not specify fees paid to non-executive directors;
- The company seeks to excessively increase the fees relative to market or sector practices without providing a reasonable rationale for the increase; or
- It provides for granting of stock options or similarly structured equity-based compensation.

For Toronto Stock Exchange (TSX) issuers, the Agent's limits with respect to equity awards to non-employee directors shall apply.

**Bonus Payments**

With respect to Japanese companies, generally follow the Agent's guidelines on retirement and annual bonus payments, which include voting FOR retirement bonus proposals if all payments are for directors or auditors who have served as executives of the company and AGAINST such proposals if any payments are for outsiders, except when deemed appropriate by the Agent, provided that no payments shall be supported unless the individual or aggregate amounts are

disclosed. In all markets, if issues have been raised regarding a scandal or internal controls, generally vote AGAINST bonus proposals for retiring directors or continuing directors or auditors when culpability can be attributed to the nominee (*e.g.*, if a Fund is also voting AGAINST the nominee under criteria herein regarding issues of scandal or internal controls), unless bundled with bonuses for a majority of directors or auditors a Fund is voting FOR.

#### **Stock Option Plans for Independent Internal Statutory Auditors**

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

#### **Amendment Procedures for Equity Compensation Plans and ESPPs**

For TSX issuers, votes with respect to amendment procedures for security-based compensation arrangements and employee share purchase plans shall generally be cast in a manner designed to preserve shareholder approval rights, with voting decisions generally based on the Agent's recommendation.

#### **Compensation Plans and Shares Reserved for Equity Compensation Plans**

Unless otherwise provided for herein, votes with respect to equity compensation plans (*e.g.*, option, warrant, restricted stock or employee share purchase plans or participation in company offerings such as IPOs or private placements) or awards thereunder, the issuance of shares in connection with such plans, or related management proposals (*e.g.*, article amendments), should be determined on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such proposals, considering quantitative or qualitative factors as appropriate for the market and utilizing the Agent's methodology, including classification of a company's stage of development as growth or mature and the corresponding determination as to reasonability of the share requests.

Generally, vote AGAINST proposals that:

- Exceed Agent's recommended dilution limits, including cases in which the Agent suggests dilution cannot be fully assessed (*e.g.*, due to inadequate disclosure);
- Provide deep or near-term discounts (or the equivalent, such as dividend equivalents on unexercised options) to executives or directors, unless discounts to executives are deemed by the Agent to be adequately mitigated by other requirements such as long-term vesting or performance requirements (*e.g.*, Japan) or broad-based employee participation otherwise meeting the Agent's standards (*e.g.*, France);
- Are administered with discretion by potential grant recipients, unless such discretion is deemed acceptable due to market practice or other mitigating provisions;

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- Provide for retirement benefits or equity incentive awards to outside directors if not in line with market practice (*e.g.*, Australia, Belgium, The Netherlands);
- Permit financial assistance in the form of non-recourse (or essentially non-recourse) loans in connection with executive s participation;
- For matching share plans, do not meet the Agent s standards, considering holding period, discounts, dilution, participation, purchase price and performance criteria;



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- Provide for vesting upon change in control if deemed to evidence a conflict of interest or anti-takeover device or if the change in control definition is too liberal (*e.g.*, does not result in actual change in control);
- Provide no disclosure regarding vesting or performance criteria (provided that proposals providing disclosure in one or both areas, without regard to Agent's criteria for such disclosure, shall be supported provided they otherwise satisfy these Guidelines);
- Permit post-employment vesting or exercise if deemed inappropriate by the Agent;
- Allow plan administrators to make material amendments without shareholder approval unless adequate prior disclosure has been provided, with such voting decisions generally based on the Agent's approach to evaluating such plans;
- Provide for contract or notice periods or severance/termination payments that exceed market practice, *e.g.*, relative to multiples of annual compensation; or
- Provide for retesting in connection with achievement of performance hurdles unless the Agent's analysis indicates that (1) performance targets are adequately increased in proportion to the additional time available, (2) the retesting is *de minimis* as a percentage of overall compensation or is acceptable relative to market practice, or (3) the issuer has committed to cease retesting within a reasonable period of time.

Generally, vote FOR such plans/awards or the related issuance of shares that (1) do not suffer from the defects noted above or (2) otherwise meet the Agent's tests if the considerations raised by the Agent pertain primarily to performance hurdles, discretionary bonuses, recruitment awards, retention incentives, non-compete payments or vesting upon change in control (other than addressed above), if:

- (1) The company has provided adequate disclosure and/or a reasonable rationale regarding the relevant plan/award, practice or participation;
- (2) The recipient's overall compensation appears reasonable;
- (3) Potential payments or awards are not so significant (individually or collectively) as to potentially influence an executive's decision-making (*e.g.*, to enter into a transaction that will result in a change of control payment) or to effectively act as a poison pill; and
- (4) The board and/or responsible committee meets exchange or market standards for independence.

Unless otherwise provided for herein, market practice of the primary country in which a company does business or competes for talent, or in which an employee is serving, as applicable, shall supersede that of the issuer's domicile.

Consider proposals in connection with such plans or the related issuance of shares in other instances on a CASE-BY-CASE basis.

**Remuneration Reports (Advisory Votes on Executive Compensation)**

Generally, withhold support (AGAINST or ABSTAIN as appropriate for specific market and level of concerns identified) from remuneration reports/advisory votes on compensation that include compensation plans that:

- (1) Permit practices or features not supported under these Guidelines, including financial assistance under the conditions described above;

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- (2) Permit retesting excessive relative to market practice (irrespective of the Agent's support for the report as a whole);
- (3) Cite long-term incentive plans deemed to be inadequately based on equity awards (*e.g.*, cash-based plans or plans lacking an appropriate equity component);
- (4) Cite equity award valuation methods triggering a negative recommendation from the Agent;
- (5) Include components, metrics or rationales that have not been disclosed in line with market practice (although retrospective disclosure may be considered adequate);
- (6) For issuers in Australia, permit open market purchase of shares in support of equity grants in lieu of seeking shareholder approval, but only if the issuer has a history of significant negative votes when formally seeking approval for such grants; or
- (7) Include provisions for retirement benefits or equity incentive awards to outside directors if not in line with market practice, except that reports will generally be voted FOR if contractual components are reasonably aligned with market practices on a going-forward basis (*e.g.*, existing obligations related to retirement benefits or terms contrary to evolving standards would not preclude support for the report).

Reports receiving the Agent's support and not triggering the concerns cited above will generally be voted FOR. Unless otherwise provided for herein, reports not receiving the Agent's support due to concerns regarding severance/termination payments, leaver status, incentive structures and vesting or performance criteria not otherwise supported by these Guidelines shall be considered on a CASE-BY-CASE basis, generally voted FOR if:

- (1) The company has provided a reasonable rationale and/or adequate disclosure regarding the matter(s) under consideration;
- (2) The recipient's overall compensation appears reasonable; and
- (3) The board and/or responsible committee meets exchange or market standards for independence.

Reports with typically unsupported features may be voted FOR when the Agent recommends their initial support as the issuer or market transitions to better practices (*e.g.*, having committed to new regulations or governance codes).

**Shareholder Proposals Regarding Executive and Director Pay**

The Funds' U.S. Guidelines with respect to such shareholder proposals shall apply.

**General Share Issuances**

Unless otherwise provided for herein, voting decisions shall generally be based on the Agent's practice to determine support for general issuance requests (with or without preemptive rights), or related requests to repurchase and reissue shares, based on their amount relative to currently issued capital, appropriate volume and duration parameters, and market-specific considerations (*e.g.*, priority right protections in France, reasonable levels of dilution and discount in Hong Kong). Requests to reissue repurchased shares will not be supported unless a related general issuance request is also supported.

Consider specific issuance requests on a CASE-BY-CASE basis based on the proposed use and the company's rationale.

Generally, vote AGAINST proposals to issue shares (with or without preemptive rights), convertible bonds or warrants, to grant rights to acquire shares, or to amend the corporate charter relative to such issuances or grants when concerns have been identified by the Agent with respect to inadequate disclosure, inadequate restrictions on discounts, failure to meet the Agent's standards for general issuance requests, or authority to refresh share issuance amounts without prior shareholder approval.

Generally, vote AGAINST nonspecific proposals authorizing excessive discretion to a board.

### **Increases in Authorized Capital**

Unless otherwise provided for herein, voting decisions should generally be based on the Agent's approach, as follows. Generally:

- Vote FOR nonspecific proposals, including bundled proposals, to increase authorized capital up to 100 percent over the current authorization unless the increase would leave the company with less than 30 percent of its new authorization outstanding.
- Vote FOR specific proposals to increase authorized capital, unless:
  - The specific purpose of the increase (such as a share-based acquisition or merger) does not meet these Guidelines for the purpose being proposed; or
  - The increase would leave the company with less than 30 percent of its new authorization outstanding after adjusting for all proposed issuances.
- Vote AGAINST proposals to adopt unlimited capital authorizations.
- The Agent's market-specific exceptions to the above parameters shall be applied.

### **Preferred Stock**

Unless otherwise provided for herein, voting decisions should generally be based on the Agent's approach, including:

- Vote FOR the creation of a new class of preferred stock or issuances of preferred stock up to 50 percent of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders.

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- Vote FOR the creation/issuance of convertible preferred stock as long as the maximum number of common shares that could be issued upon conversion meets the Agent's guidelines on equity issuance requests.
- Vote AGAINST the creation of (1) a new class of preference shares that would carry superior voting rights to the common shares or (2) blank check preferred stock unless the board states that the authorization will not be used to thwart a takeover bid.

### **Poison Pills/Protective Preference Shares**

Generally, vote AGAINST management proposals in connection with poison pills or anti-takeover activities (*e.g.*, disclosure requirements or issuances, transfers or repurchases) that do not meet the Agent's standards. Generally vote in accordance with Agent's recommendation to withhold support from a nominee in connection with poison pill or anti-takeover considerations when responsibility for the actions can be reasonably attributed to the nominee. Generally DO NOT VOTE AGAINST director remuneration in connection with poison pill considerations raised by the Agent.

#### **Waiver on Tender-Bid Requirement**

Generally, consider proposals on a CASE-BY-CASE basis seeking a waiver for a major shareholder from the requirement to make a buyout offer to minority shareholders, voting FOR when little concern of a creeping takeover exists and the company has provided a reasonable rationale for the request.

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

Generally, vote FOR management proposals seeking approval of financial accounts and reports, unless there is concern about the company's financial accounts and reporting, which, in the case of related party transactions, would include concerns raised by the Agent regarding consulting agreements with non-executive directors but not severance/termination payments exceeding the Agent's standards for multiples of annual compensation, provided the recipient's overall compensation appears reasonable and the board and/or responsible committee meets exchange or market standards for independence. Unless otherwise provided for herein, reports not receiving the Agent's support due to other concerns regarding severance/termination payments not otherwise supported by these Guidelines shall be considered on a CASE-BY-CASE basis, factoring in the merits of the rationale or disclosure provided and generally voted FOR if the overall compensation package and/or program at issue appears reasonable. Generally, vote AGAINST board-issued reports receiving a negative recommendation from the Agent due to concerns regarding independence of the board or the presence of non-independent directors on the audit committee. However, generally do not withhold support from such proposals in connection with remuneration practices otherwise supported under these Guidelines or as a means of expressing disapproval of broader practices of the issuer or its board.

#### **Remuneration of Auditors**

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

#### **Indemnification of Auditors**

Generally, vote AGAINST proposals to indemnify auditors.

#### **Ratification of Auditors and Approval of Auditors' Fees**

For Canadian issuers, the Funds' U.S. Guidelines with respect to auditors and auditor fees shall apply.

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For other markets, generally, follow the Agent's standards for proposals seeking auditor ratification or approval of auditors' fees, which generally indicate a vote FOR such proposals if the level of disclosure and independence meet the Agent's standards. However, if fees for non-audit services (excluding significant, one-time events) exceed 50 percent of total auditor fees, consider on a CASE-BY-CASE basis, and vote FOR ratification of auditors or approval of auditors' fees if it appears that remuneration for the non-audit work is not so lucrative as to taint the auditor's independence.

In other cases, generally vote FOR such proposals unless there are material concerns raised by the Agent about the auditor's practices or independence.



### **Audit Commission**

Consider nominees to the audit commission on a CASE-BY-CASE basis, with voting decisions generally based on the Agent's approach to evaluating such candidates.

### **Allocation of Income and Dividends**

With respect to Japanese companies, consider management proposals concerning allocation of income and the distribution of dividends, including adjustments to reserves to make capital available for such purposes, on a CASE-BY-CASE basis, generally voting with the Agent's recommendations to support such proposals unless:

- The dividend payout ratio has been consistently below 30 percent without adequate explanation; or
- The payout is excessive given the company's financial position.

Generally vote FOR such proposals by issuers in other markets. In any markets, in the event management offers multiple dividend proposals on the same agenda, primary consideration shall be given to input from the relevant Investment Professional(s) and voted with the Agent's recommendation if no input is received.

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

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

### **Debt Instruments**

Generally, vote AGAINST proposals authorizing excessive discretion to a board to issue or set terms for debt instruments (*e.g.*, commercial paper).

### **Debt Issuance Requests**

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

Generally, vote FOR debt issuances for companies when the gearing level is between zero and 100 percent. Review on a CASE-BY-CASE basis proposals where the issuance of debt will result in the gearing level being greater than 100 percent, or for which inadequate disclosure precludes calculation of the gearing level, comparing any such proposed debt issuance to industry and market standards, and with voting decisions generally based on the Agent's approach to evaluating such requests.

### **Financing Plans**

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

### **Related Party Transactions**

Consider related party transactions on a CASE-BY-CASE basis. Generally, vote FOR approval of such transactions unless the agreement requests a strategic move outside the company's charter or contains unfavorable or high-risk terms (*e.g.*, deposits without security interest or guaranty).

### **Approval of Donations**

Generally, vote AGAINST such proposals unless adequate, prior disclosure of amounts is provided; if so, single- or multi-year authorities may be supported.

### **Capitalization of Reserves**

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

### **Investment of Company Reserves**

These proposals should generally be analyzed on a CASE-BY-CASE basis, with primary consideration given to input from the Investment Professional(s) for a given Fund.

### **Article Amendments**

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

Generally, vote FOR an article amendment if:

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- It is editorial in nature;
- Shareholder rights are protected;
- There is negligible or positive impact on shareholder value;
- Management provides adequate reasons for the amendments or the Agent otherwise supports management's position;
- It seeks to discontinue and/or delist a form of the issuer's securities when the relevant Fund does not hold the affected security type; or
- The company is required to do so by law (if applicable).

Generally, vote AGAINST an article amendment if:

- It removes or lowers quorum requirements for board or shareholder meetings below levels recommended by the Agent;
- It reduces relevant disclosure to shareholders;
- It seeks to align the articles with provisions of another proposal not supported by these Guidelines;
- It is not supported under these Guidelines, is presented within a bundled proposal, and the negative impact, on balance, outweighs any positive impact; or

- It imposes a negative impact on existing shareholder rights, including rights of the Funds, or diminishes accountability to shareholders to the extent that any positive impact would not be deemed to be sufficient to outweigh removal or diminution of such rights.

With respect to article amendments for Japanese companies:

- Generally vote FOR management proposals to amend a company's articles to expand its business lines.
- Generally vote FOR management proposals to amend a company's articles to provide for an expansion or reduction in the size of the board, unless the expansion/reduction is clearly disproportionate to the growth/decrease in the scale of the business or raises anti-takeover concerns.
- If anti-takeover concerns exist, generally vote AGAINST management proposals, including bundled proposals, to amend a company's articles to authorize the Board to vary the annual meeting record date or to otherwise align them with provisions of a takeover defense.
- Generally follow the Agent's guidelines with respect to management proposals regarding amendments to authorize share repurchases at the board's discretion, voting AGAINST proposals unless there is little to no likelihood of a creeping takeover (major shareholder owns nearly enough shares to reach a critical control threshold) or constraints on liquidity (free float of shares is low), and where the company is trading at below book value or is facing a real likelihood of substantial share sales; or where this amendment is bundled with other amendments which are clearly in shareholders' interest.

#### **Other Business**

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

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

(a) (1) **Portfolio Management.** The following individuals comprise the investment committee of the Trust and share responsibility for the day-to-day management of the Trust's portfolio:

**Daniel A. Norman.** Mr. Norman is Senior Vice President and Senior Portfolio Manager in the Senior Debt Group, and has served in that capacity since November 1999. Prior to that, Mr. Norman was Senior Vice President and Portfolio Manager in the Senior Debt Group (since April 1995). Mr. Norman has managed the Trust since April 1995 and is responsible for the operations, analytics, legal and marketing areas for the Trust. Mr. Norman also serves as Senior Vice President of the Trust, and he serves as Senior Vice President of ING Senior Income Fund, another closed-end fund sub-advised by ING IM that invests primarily in Senior Loans. Mr. Norman co-manages the Trust with Mr. Bakalar.

**Jeffrey A. Bakalar.** Mr. Bakalar is Senior Vice President and Senior Portfolio Manager in the Senior Debt Group, and has served in that capacity since November 1999. Prior to that, Mr. Bakalar was Senior Vice President and Portfolio Manager in the Senior Debt Group (since January 1998). Mr. Bakalar has managed the Trust since January 1998 and is responsible for overseeing the portfolio management of the Trust. Before joining ING Groep N.V., Mr. Bakalar was Vice President of The First National Bank of Chicago (from 1994 to 1998). Mr. Bakalar also serves as Senior Vice President of the Trust and as Senior Vice President of ING Senior Income Fund, another closed-end fund sub-advised by ING IM that invests primarily in Senior Loans. Mr. Bakalar co-manages the Trust with Mr. Norman.

(a) (2) (i-iii) **Other Accounts Managed**

The following table shows the number of accounts and total assets in the accounts managed by the Portfolio Managers as of February 28, 2011.

ING Prime Rate Trust Portfolio Manager	Mutual Funds	Trusts, Sep Accts and Stable Value	Other Accounts, IIM Managed Number of Accts / Total Assets (rounded to nearest million)
	Registered Investment Companies Number of Accts / Total Assets (rounded to nearest million)	Other Pooled Investment Vehicles and Alternative Number of Accts / Total Assets (rounded to nearest million)	
Dan Norman	3/\$2,335	10/\$4,028	3/\$2,165
Jeff Bakalar	3/\$2,335	0/\$0	0/\$0

\* Of these other accounts, none have an advisory fee based on performance.

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(a) (2) (iv) **Conflicts of Interest**

A portfolio manager may be subject to potential conflicts of interest because the portfolio manager is responsible for other accounts in addition to the Trust. These other accounts may include, among others, other mutual funds, separately managed advisory accounts, commingled trust accounts, insurance separate accounts, wrap fee programs and hedge funds. Potential conflicts may arise out of the implementation of differing investment strategies for the portfolio manager's various accounts, the allocation of investment opportunities among those accounts or differences in the advisory fees paid by the portfolio manager's accounts.

A potential conflict of interest may arise as a result of the portfolio manager's responsibility for multiple accounts with similar investment guidelines. Under these circumstances, a potential investment may be suitable for more than one of the portfolio manager's accounts, but the quantity of the investment available for purchase is less than the aggregate amount the accounts would ideally devote to the opportunity. Similar conflicts may arise when multiple accounts seek to dispose of the same investment.

A portfolio manager may also manage accounts whose objectives and policies differ from those of the Trust. These differences may be such that under certain circumstances, trading activity appropriate for one account managed by the portfolio manager may have adverse consequences for another account managed by the portfolio manager. For example, if an account were to sell a significant position in a security, which could cause the market price of that security to decrease, while the Trust maintained its position in that security.

A potential conflict may arise when a portfolio manager is responsible for accounts that have different advisory fees. The difference in the fees may create an incentive for the portfolio manager to favor one account over another, for example, in terms of access to particularly appealing investment opportunities. This conflict may be heightened where an account is subject to a performance-based fee.

As part of its compliance program, ING IM has adopted policies and procedures reasonably designed to address the potential conflicts of interest described above.

Finally, a potential conflict of interest may arise because the investment mandates for certain other accounts, such as hedge funds, may allow extensive use of short sales, which, in theory, could allow them to enter into short positions in securities where other accounts hold long positions. ING IM has policies and procedures reasonably designed to limit and monitor short sales by the other accounts to avoid harm to the Trust.

(a) (3) **Compensation**

Compensation consists of (a) fixed base salary; (b) bonus which is based on ING IM's performance, one- and three-year pre-tax performance of the accounts the portfolio managers are primarily and jointly responsible for relative to account benchmarks and peer universe performance, and revenue growth of the accounts they are responsible for; and (c) long-term equity awards tied to the performance of our parent company, ING Groep.

\* Of these other accounts, none have an advisory fee based on performance.



\* Of these other accounts, none have an advisory fee based on performance.

Portfolio managers are also eligible to participate in an annual cash incentive plan. The overall design of the ING IM annual incentive plan was developed to closely tie pay to performance, structured in such a way as to drive performance and promote retention of top talent. As with base salary compensation, individual target awards are determined and set based on external market data and internal comparators. Investment performance is measured on both relative and absolute performance in all areas. ING IM has a defined index, the S&P's LSTA Leveraged Loan Index and, where applicable, peer groups including but not limited to Russell, Morningstar, Inc. ( Morningstar ), Lipper Analytical Services, Inc. ( Lipper ) and Lehman and set performance goals to appropriately reflect requirements for each investment team. The measures for each team are outlined on a scorecard that is reviewed on an annual basis. These scorecards reflect a comprehensive approach to measuring investment performance versus both benchmarks and peer groups over one- and three-year periods and year-to-date net cash flow (changes in the accounts net assets not attributable to changes in the value of the accounts' investments) for all accounts managed by the team. The results for overall IIM scorecards are calculated on an asset weighted performance basis of the individual team scorecards.

Investment professionals' performance measures for bonus determinations are weighted by 25% being attributable to the overall ING IM performance and 75% attributable to their specific team results (60% investment performance and 15% net cash revenue).

Based on job function, internal comparators and external market data, portfolio managers participate in the ING Long-Term Incentive Plan. Plan awards are based on the current year's performance as defined by the ING IM component of the annual incentive plan. The awards vest in three years and are paid in a combination of ING restricted stock, stock options and restricted performance units.

Portfolio managers whose base salary compensation exceeds a particular threshold may participate in ING's deferred compensation plan. The plan provides an opportunity to invest deferred amounts of compensation in mutual funds, ING stock or at an annual fixed interest rate. Deferral elections are done on an annual basis and the amount of compensation deferred is irrevocable.

## (a) (4) Ownership of Securities

The following table shows the dollar range of shares of the Trust owned by each team member as of February 28, 2011, including investments by their immediate family members and amounts invested through retirement and deferred compensation plans.

Portfolio Manager	Dollar Range of Trust Shares Owned
Dan Norman	Over \$100,000
Jeff Bakalar	\$50,001-\$100,000

(b) Not applicable.

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers**

None

**Item 10. Submission of Matters to a Vote of Security Holders.**

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

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

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

**Item 11. Controls and Procedures.**

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

(b) There were no significant changes in the registrant's internal controls that occurred during the second

fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits.**

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

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

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

(3) Not applicable.

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**SIGNATURES**

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

(Registrant): ING Prime Rate Trust

By /s/ Shaun P. Mathews  
Shaun P. Mathews  
President and Chief Executive Officer

Date: May 5, 2011

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

By /s/ Shaun P. Mathews  
Shaun P. Mathews  
President and Chief Executive Officer

Date: May 5, 2011

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

Date: May 5, 2011

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