ING PRIME RATE TRUST
Form N-CSR
May 03, 2013

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	**85258**
(Address of principal executive offices)	(Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end:	February 28
Date of reporting period:	February 28, 2013

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):

Funds

Annual Report

February 28, 2013

ING Prime Rate Trust

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

E-Delivery Sign-up details inside

ING Prime Rate Trust

ANNUAL REPORT

February 28, 2013

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You will be notified by e-mail when these communications become available on the internet. Documents that are not available on the internet will continue to be sent by mail.

PORTFOLIO MANAGERS' REPORT

PORTFOLIO CHARACTERISTICS
AS OF FEBRUARY 28, 2013

Net Assets	$ 887,047,216
Total Assets	$1,369,754,495
Assets Invested in Senior Loans	$1,327,755,670
Senior Loans Represented	324
Average Amount Outstanding per Loan	$ 4,098,011
Industries Represented	35
Average Loan Amount per Industry	$ 37,935,876
Portfolio Turnover Rate (YTD)	93%
Weighted Average Days to Interest Rate Reset	35
Average Loan Final Maturity	62 months
Total Leverage as a Percentage of Total Assets	27.06%

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.

PERFORMANCE SUMMARY

The Trust declared $0.11 of dividends during the fourth fiscal quarter and $0.42 during the year ended February 28, 2013. Based on the average month-end net asset value ("NAV") per share of $5.96 for the fourth fiscal quarter and $5.88 for the year, this resulted in an annualized distribution rate(1) of 7.52% for the fourth fiscal quarter and 7.16% for the year. The Trust's total return for the fourth fiscal quarter, based on NAV, was 3.26% versus a total gross return on the S&P/LSTA Leveraged Loan Index (the "Index")(2) of 2.07% for the same quarter. For the year ended February 28, 2013, the Trust's total return, based on NAV(3), was 11.72%, versus a total gross return on the Index of 7.85%. The total market value return(3) for the Trust's common shares during the fourth fiscal quarter was 6.78% and for the year ended February 28, 2013 was 27.73%.

MARKET UPDATE

Portfolio Specifics: The senior loan market performed quite well during the quarter and year ended February 28, 2013. The loan asset class benefited from strong investor demand and limited new issue supply, a generally favorable economic and geopolitical backdrop and relatively sanguine default activity and expectations. Total flows into the loan asset class in the United States totaled $15.32 billion during the year. Factors driving this increased activity included new investment by mutual funds and loan exchange traded funds ("ETFs"), a significant uptick in the formation of new collateralized loan obligation ("CLO") vehicles, as well as increased allocation into loans by pension

(1) The distribution rate is calculated by annualizing dividends and distributions declared during the period using the 30/360 convention 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. The Index is not subject to any fees or expenses. An investor cannot invest directly in an index.

(3) The total return is based on full reinvestment of dividends.

PORTFOLIO MANAGERS' REPORT (continued)

funds and insurance companies. New loan supply remained tepid and generally insufficient to offset the pace of inflows. As a result, existing loan issuers increasingly came back to market, opportunistically lowering the pricing on their loans and in many cases extending stated final maturities. Another byproduct of strong investor demand was a notable rise in new "covenant-lite" transactions, in which a credit agreement does not incorporate the traditional pre-set ratios designed to alert lenders to deterioration in performance. It is important to note that the absence of these alerts does not compromise the loan's senior position in the issuer's capital structure or the underlying collateral the most critical factors affecting recoveries in the event of default. Nonetheless, the increase in covenant-lite transactions has sharpened our already rigorous focus on overall credit quality and sufficiency of collateral.

The Trust outperformed the Index during the quarter and the full year ended February 28, 2013, thanks to favorable credit selection and an emphasis on attractive relative value within the senior loan category. Leverage for investment purposes remained within our target range and benefited NAV results during the period. The Trust continued to focus on newly minted loans with wider credit spreads, issued at a slight discount to par, while reducing loans at the highest-rated end of the below-investment-grade credit spectrum. While accretive to returns, this strategy did not materially impact the overall credit quality of the Trust, as 70.4% of the portfolio was still rated "B1" or higher by Moody's; at the same time last year that figure was 70.0%. The Trust also added incremental, second-lien positions where the risk/return profile was considered attractive. The net result of these actions was to increase the weighted average nominal spread (the average interest payment received on the loans, in addition to their stated base rate, *e.g.* LIBOR or a LIBOR floor) of the Trust's assets to 4.33% at period-end 2013, compared with 4.17% as of February 29, 2012. The weighted average coupon for period-end 2013 was 5.46%; it was 5.37% at period-end 2012.

The Trust's top industry exposures at period-end were retail, business equipment/services, electronics and healthcare; all proved positive to relative returns during the period. The Trust held positions in four of the five largest contributors to Index performance during the fiscal year: Texas Competitive Electric Holdings Company LLC, First Data Corp., Clear Channel Communications and Univision Communications. The contribution from these positions was partially offset by much smaller positions in three of the largest detractors from Index performance: Cengage Learning, Inc., Yell Group PLC and Longview Power, LLC.

TOP TEN SENIOR LOAN ISSUERS AS OF FEBRUARY 28, 2013 AS A PERCENTAGE OF:

	TOTAL ASSETS	**NET ASSETS**
Univision Communications, Inc.	2.1%	3.3%
Caesars Entertainment Operating Company, Inc.	1.9%	3.0%
BJs Wholesale Club	1.8%	2.8%
Reynolds Group Holdings Inc	1.5%	2.4%
Texas Competitive Electric Holdings Company LLC	1.5%	2.4%
Virgin Media Investment Holdings Limited	1.4%	2.2%
Delta Airlines, Inc.	1.3%	2.0%
Univar Inc.	1.3%	1.9%

ADS Waste Holdings, Inc.	1.3%	1.9%
Asurion, LLC	1.1%	1.7%

TOP TEN INDUSTRY SECTORS
AS OF FEBRUARY 28, 2013
AS A PERCENTAGE OF:

	TOTAL ASSETS	**NET ASSETS**
Retailers (Except Food & Drug)	10.8%	16.6%
Business Equipment & Services	10.3%	15.9%
Electronics/Electrical	6.6%	10.2%
Health Care	6.6%	10.2%
Lodging & Casinos	5.7%	8.8%
Radio & Television	4.3%	6.6%
Telecommunications	4.2%	6.5%
Chemicals & Plastics	4.2%	6.5%
Cable & Satellite Television	3.8%	5.8%
Automotive	3.7%	5.7%

PORTFOLIO MANAGERS' REPORT (continued)

The Trust remains well diversified, with 258 individual issuers representing 35 industries. The average issuer exposure at February 28, 2013 stood at 0.39% of assets under management ("AUM"), while the average industry exposure was 2.86% of AUM. Both measures were little changed from the prior reporting period.

Current Strategy and Outlook: Under our base-case scenario mediocre economic growth in the U.S. and no material worsening of conditions in Europe our outlook for loan performance is positive. We believe fundamental credit risk, as evidenced by balance sheet strength and earnings power, remains reasonably sound. Although macroeconomic headwinds remain steady and should never be ignored, loans recently have proven to be quite resilient in the face of broader market volatility. As investors continue to search for yield, loans, by way of their unique structural features, i.e., collateral-backing and floating-rate, ultra-short duration profile, are becoming widely viewed as a more defensive, better-valued path to that yield. Very near term, the direction of the market is likely to hinge on loan supply, particularly new merger and acquisition and leveraged buyout-related issuance. We see nothing on the horizon to materially alter the demand side of the equation.

Jeffrey A. Bakalar
Senior Vice President
Managing Director
ING Investment Management Co. LLC

Daniel A. Norman
Senior Vice President
Managing Director
ING Investment Management Co. LLC

ING Prime Rate Trust
April 1, 2013

Ratings Distribution
as of February 28, 2013

Ba	33.09%
B	57.19%
Caa and below	7.89%
Not rated*	1.83%

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.

PORTFOLIO MANAGERS' REPORT (continued)

	Average Annual Total Returns for the Years Ended February 28, 2013			
	1 Year	**3 Years**	**5 Years**	**10 Years**
Based on Net Asset Value (NAV)	11.72%	8.15%	6.71%	5.89%
Based on Market Value	27.73%	9.85%	10.35%	7.23%
S&P/LSTA Leveraged Loan Index	7.85%	6.66%	7.19%	5.68%
Credit-Suisse Leveraged Loan Index	8.11%	6.79%	6.30%	5.49%

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.inginvestment.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.

PORTFOLIO MANAGERS' REPORT (continued)

YIELDS AND DISTRIBUTION RATES

	Prime Rate	NAV 30-day SEC Yield(A)	Mkt. 30-Day SEC Yield(A)	Annualized Dist. Rate @ NAV(B)	Annualized Dist. Rate @ Mkt.(B)
February 28, 2013	3.25%	9.25%	8.49%	7.57%	6.96%
November 30, 2012	3.25%	7.92%	7.53%	7.47%	7.10%
August 31, 2012	3.25%	7.55%	7.46%	7.12%	7.04%
May 31, 2012	3.25%	7.60%	7.95%	6.86%	7.17%

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

(B) The distribution rate is calculated by annualizing 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.

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. The Trust may lose money if short-term or long-term interest rates rise sharply or otherwise change in a manner not anticipated by the Sub-Adviser. As of the date of this report, interest rates in the United States are at, or near, historic lows, which may increase the

Trust's exposure to risks associated with rising interest rates.

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.

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, 2013, 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, 2013, 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, 2013, the results of its operations and its cash flows for the year then ended, the changes in its 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, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts
April 25, 2013

ING Prime Rate Trust

STATEMENT OF ASSETS AND LIABILITIES as of February 28, 2013

ASSETS:	
Investments in securities at value (Cost $1,335,268,916)	$1,343,530,488
Cash	14,948,704
Foreign currencies at value (Cost $29,938)	29,132
Receivables:	
Investment securities sold	4,344,603
Interest	6,240,758
Other	615
Unrealized appreciation on forward foreign currency contracts	637,783
Unrealized appreciation on unfunded commitments	962
Prepaid arrangement fees on notes payable	15,781
Prepaid expenses	5,669
Total assets	1,369,754,495
LIABILITIES:	
Notes payable	370,600,000
Payable for investment securities purchased	110,458,881
Accrued interest payable	179,159
Payable for investment management fees	757,115
Payable for administrative fees	236,598
Payable to custodian	97,391
Accrued trustees fees	6,522
Unrealized depreciation on forward foreign currency contracts	6,612
Other accrued expenses	365,001
Total liabilities	482,707,279
NET ASSETS	$ 887,047,216
Net assets value per common share outstanding (net assets divided by 147,426,917 shares of beneficial interest authorized and outstanding, no par value)	$ 6.02
NET ASSETS WERE COMPRISED OF:	
Paid-in capital	1,097,456,674
Undistributed net investment income	5,238,942
Accumulated net realized loss	(224,846,546)
Net unrealized appreciation	9,198,146
NET ASSETS	$ 887,047,216

See Accompanying Notes to Financial Statements

ING Prime Rate Trust

STATEMENT OF OPERATIONS for the Year Ended February 28, 2013

INVESTMENT INCOME:	
Interest	$ 80,298,150
Dividends	306,417
Amendment fees earned	2,003,810
Other	3,136,747
Total investment income	85,745,124
EXPENSES:	
Investment management fees	9,685,176
Administration fees	3,026,618
Transfer agent fees	82,924
Interest expense	4,435,592
Custody and accounting expense	530,975
Professional fees	179,823
Shareholder reporting expense	315,030
Trustees fees	26,365
Miscellaneous expense	276,540
Total expenses	18,559,043
Net investment income	67,186,081
REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss) on:	
Investments	(2,939,667)
Forward foreign currency contracts	888,049
Foreign currency related transactions	(545,749)
Net realized loss	(2,597,367)
Net change in unrealized appreciation or (depreciation) on:	
Investments	30,328,596
Forward foreign currency contracts	1,029,293
Foreign currency related transactions	160,529
Unfunded commitments	(56)
Net change in unrealized appreciation or (depreciation)	31,518,362
Net realized and unrealized gain	28,920,995
Increase in net assets resulting from operations	$ 96,107,076

See Accompanying Notes to Financial Statements

ING Prime Rate Trust

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended February 28, 2013	Year Ended February 29, 2012
FROM OPERATIONS:		
Net investment income	$ 67,186,081	$ 51,554,932
Net realized loss	(2,597,367)	(21,532,648)
Net change in unrealized appreciation or (depreciation)	31,518,362	(26,842,894)
Distributions to preferred shareholders from net investment income		(62,995)
Increase in net assets resulting from operations	96,107,076	3,116,395
FROM DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
From net investment income	(62,192,534)	(46,476,484)
Decrease in net assets from distributions to common shareholders	(62,192,534)	(46,476,484)
CAPITAL SHARE TRANSACTIONS:		
Reinvestment of distributions from common shares	1,728,800	916,239
Proceeds from shares sold	125,377	61,590
Net increase from capital share transactions	1,854,177	977,829
Net increase (decrease) in net assets	35,768,719	(42,382,260)
NET ASSETS:		
Beginning of year or period	851,278,497	893,650,757
End of year or period (including undistributed net investment income of $5,238,942 and $1,787,334 respectively)	$887,047,216	$851,278,497

See Accompanying Notes to Financial Statements

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ING Prime Rate Trust

STATEMENT OF CASH FLOWS for the Year Ended February 28, 2013

INCREASE (DECREASE) IN CASH	
Cash Flows From Operating Activities:	
Interest received	$ 71,286,793
Dividends received	306,293
Facility fees received	128,450
Arrangement fees paid	(15,781)
Other income received	5,302,588
Interest paid	(4,435,183)
Other operating expenses paid	(14,276,188)
Purchases of securities	(1,223,163,013)
Proceeds on sale of securities	1,226,981,612
Net cash provided by operating activities	62,115,571
Cash Flows From Financing Activities:	
Dividends paid to common shareholders (net of reinvested distributions)	(60,463,734)
Proceeds from shares sold	125,377
Net increase of notes payable	6,600,000
Net cash flows used in financing activities	(53,738,357)
Net increase	8,377,214
Cash Impact From Foreign Exchange Fluctuations:	
Cash impact from foreign exchange fluctuations	(693)
Cash and foreign currency balance	
Net increase in cash and foreign currency	8,376,521
Cash and foreign currency at beginning of period	6,601,315
Cash and foreign currency at end of period	$ 14,977,836
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	$ 96,107,076
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	(30,328,596)
Change in unrealized appreciation or depreciation on forward currency contracts	(1,029,293)
Change in unrealized appreciation or depreciation on unfunded commitments	56
Change in unrealized appreciation or depreciation on foreign currency related transactions	(160,529)
Accretion of discounts on investments	(10,620,868)
Amortization of premiums on investments	470,603
Net realized loss on sale of investments, forward foreign currency contracts and foreign currency related transactions	2,597,367

Purchases of investment securities		(1,223,163,013)
Proceeds from disposition of investment securities		1,226,981,612
Decrease in other assets		809
Decrease in interest and other receivable		1,138,906
Increase in prepaid arrangement fees on notes payable		(15,781)
Decrease in prepaid expenses		128,450
Increase in accrued interest payable		409
Decrease in payable for investment management fees		(10,488)
Decrease in payable for administrative fees		(3,278)
Decrease in accrued trustees fees		(1,812)
Increase in other accrued expenses		23,941
Total adjustments		(33,991,505)
Net cash provided by operating activities	$	62,115,571
Non Cash Financing Activities		
Reinvestment of dividends	$	1,728,800

See Accompanying Notes to Financial Statements

11

FINANCIAL HIGHLIGHTS

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

	Per Share Operating Performance											Total Inve Retur
Year or period ended	Net asset value, beginning of year or period	Net investment income (loss)	Net realized and unrealized gain (loss)	Distribution to Preferred Shareholders	Change in net asset value from Share offerings	Total from investment operations	Distribution to Common Shareholders from net investment income	Distributions from return of capital	Total distributions	Net asset value, end of year or period	Closing market price, end of year or period	Total Investment Return at net asset value(2)
	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	(%)
ING Prime Rate Trust												
02-28-13	5.79	0.46	0.19			0.65	(0.42)		(0.42)	6.02	6.55	11.72
02-29-12	6.08	0.35	(0.32)	(0.00)*		0.03	(0.32)		(0.32)	5.79	5.51	0.81
02-28-11	5.72	0.30	0.38	(0.00)*		0.68	(0.30)	(0.02)	(0.32)	6.08	6.02	12.32
02-28-10	3.81	0.28	1.95	(0.00)*		2.23	(0.32)		(0.32)	5.72	5.94	60.70
02-28-09	6.11	0.46	(2.29)	(0.06)		(1.89)	(0.41)		(0.47)	3.81	3.50	(31.93)(5)
02-29-08	7.65	0.75	(1.57)	(0.16)		(0.98)	(0.56)		(0.72)	6.11	5.64	(13.28)
02-28-07	7.59	0.71	0.06	(0.16)		0.61	(0.55)		(0.71)	7.65	7.40	8.85
02-28-06	7.47	0.57	0.12	(0.11)		0.58	(0.46)		(0.57)	7.59	7.02	8.53
02-28-05	7.34	0.45	0.16	(0.05)		0.56	(0.43)		(0.48)	7.47	7.56	7.70
02-29-04	6.73	0.46	0.61	(0.04)		1.03	(0.42)		(0.46)	7.34	7.84	15.72

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

(4) The Investment Adviser has agreed to limit expenses excluding interest, taxes, brokerage commissions, leverage expenses, other investment related costs and extraordinary expenses, subject to possible recoupment by the Investment Adviser within three years to 1.05% of Managed Assets plus 0.15% of average daily net assets.

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

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

(7) Annualized for periods less than one year.

* Amount is more than $(0.005).

See Accompanying Notes to Financial Statements

FINANCIAL HIGHLIGHTS (CONTINUED)

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

	Ratios to average net assets plus borrowings							**Supplemental data**		
	Expenses (before interest and other fees related to revolving credit facility)(2)	Expenses, prior to fee waivers and/or recoupments, if any(2)	Expenses, net of fee waivers and/or recoupments, if any(2)	Net investment income (loss)(2)	Preferred Shares Aggregate amount outstanding	Liquidation and market value per share of Preferred Shares	Asset coverage inclusive of Preferred Shares and debt per share(a)	Borrowings at end of period	Asset coverage per $1,000 of debt(a)	Average borrowings
Year or period ended	(%)	(%)	(%)	(%)	($000's)	($)	($)	($000's)	($)	($000's)
ING Prime Rate Trust										
02-28-13	1.17	1.53	1.53	5.55			3	370,600	3,394	345,145
02-29-12	1.24	1.64	1.64	4.51			3	364,000	3,339	293,444
02-28-11	1.39	1.68	1.68	4.26	100,000	25,000	102,850	187,000	6,314	122,641
02-28-10	1.67(1)	1.87(1)	1.81	5.23	200,000	25,000	98,400	83,000	13,419	46,416
02-28-09	1.54	2.37	2.37	6.21	225,000	25,000	70,175	81,000	10,603	227,891
02-29-08	1.60	3.17	3.17	7.53	450,000	25,000	53,125	338,000	4,956	391,475
02-28-07	1.56	3.25	3.25	6.63	450,000	25,000	62,925	281,000	6,550	459,982
02-28-06	1.58	2.90	2.90	5.24	450,000	25,000	55,050	465,000	4,335	509,178
02-28-05	1.63	2.27	2.26	4.32	450,000	25,000	53,600	496,000	4,090	414,889
02-29-04	1.84	2.09	2.09	5.82	450,000	25,000	62,425	225,000	7,490	143,194

(a) Asset coverage ratios, for fiscal periods beginning after 2011, is presented to represent the coverage available to each $1,000 of borrowings. 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.

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

(2) Annualized for periods less than one year.

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013

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 ("GAAP") 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 of Trustees (the "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, 2013, 100.0% 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. LLC ("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 future prospects; (iv) information relating to

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year ended February 28, 2013, there have been no significant changes to the fair valuation methodologies.

The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to the "Pricing Committee" as established by the Trust's Administrator. The Pricing Committee considers all facts they deem relevant that are reasonably available, through either public information or information available to the Investment Adviser or sub-adviser, when determining the fair value of the security. In the event that a security or asset cannot be valued pursuant to one of the valuation methods established by the Board, the fair value of the security or asset will be determined in good faith by the Pricing Committee. When the Trust uses these fair valuation methods that use significant unobservable inputs to determine its NAV, securities will be priced by a method that the Pricing Committee believes accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. The methodologies used for valuing securities are not necessarily an indication of the risks of investing in those securities valued in good faith at fair value nor can it be assured the Trust can obtain the fair value assigned to a security if they were to sell the security.

To assess the continuing appropriateness of security valuations, the Pricing Committee may compare prior day prices, prices on comparable securities, and traded prices to the prior or current day prices and the

Pricing Committee challenges those prices exceeding certain tolerance levels with the third party pricing service or broker source. For those securities valued in good faith at fair value, the Pricing Committee reviews and affirms the reasonableness of the valuation on a regular basis after considering all relevant information that is reasonably available.

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. The end of period timing recognition is used for the transfers between Levels of the Trust's assets and liabilities. A reconciliation of Level 3 investments is presented when the Trust has a significant amount of Level 3 investments.

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.

(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.

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Forward Foreign Currency Contracts. The Trust has entered 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 along with the change in unrealized appreciation or depreciation. 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, 2013, the Trust had an average quarterly contract amounts on forward foreign currency contracts to buy and sell of $289,136 and $38,144,454 respectively.

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 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.

ING Prime Rate Trust

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

NOTE 3 INVESTMENTS

For the year ended February 28, 2013, the cost of purchases and the proceeds from principal repayment and sales of investments, excluding short-term notes, totaled $1,268,308,062 and $1,156,859,719, respectively. At February 28, 2013, the Trust held senior loans valued at $1,327,755,670 representing 98.8% 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.

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

	Date of Acquisition	Cost or Assigned Basis
Ascend Media (Residual Interest)	01/05/10	$
Block Vision (719 Common Shares)	09/17/02	
Euro United Corporation (Residual Interest in Bankruptcy Estate)	06/21/02	
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	
Total Restricted Securities (fair value $405,085 was 0.05% of net assets at February 28, 2013)		$

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 Delaware limited liability company. 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.

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

NOTE 4 MANAGEMENT AND ADMINISTRATION AGREEMENTS (continued)

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.

NOTE 5 EXPENSE LIMITATION AGREEMENT

Effective January 1, 2013, the Investment Adviser has agreed to limit expenses, excluding interest, taxes, brokerage commissions, leverage expenses, other investment-related costs and extraordinary expenses, to 1.05% of Managed Assets plus 0.15% of average daily net assets. Prior to January 1, 2013, there was no expense limitation agreement.

The Investment Adviser may at a later date recoup from the Trust management fees waived and other expenses assumed by the Investment Adviser during the previous 36 months, but only if, after such recoupment, the Trust's expense ratio does not exceed the percentage described above. Waived and reimbursed fees and any recoupment by the Investment Adviser of such waived and reimbursed fees are reflected on the accompanying Statement of Operations for the Trust.

The Expense Limitation Agreement is contractual and shall renew automatically for one-year terms unless ING Investments provides written notice of the termination of the Expense Limitation Agreement within 90 days of the end of the then current term.

As of February 28, 2013, there were no reimbursed fees that are subject to recoupment by the Investment Adviser.

NOTE 6 TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

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 7 COMMITMENTS

The Trust has entered into a $400 million 364-day revolving credit agreement which matures July 22, 2013, 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, 2013, was $370.6 million. Weighted average interest rate on outstanding borrowings during the year was 1.15%, excluding fees related to the unused portion of the facilities, and other fees. The amount of borrowings represented 27.06% of total assets at February 28, 2013. Average borrowings for the year ended February 28, 2013 were $345,144,932 and the average annualized interest rate was 1.29% excluding other fees related to the unused portion of the facilities, and other fees.

As of February 28, 2013, the Trust had unfunded loan commitments pursuant to the terms of the following loan agreements:

Leslie's Poolmart, Inc.	$80,000

The net unrealized appreciation on these commitments of $962 as of February 28, 2013 is reported as such on the Statement of Assets and Liabilities.

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

NOTE 8 RIGHTS AND OTHER OFFERINGS

As of February 28, 2013, 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

As of February 28, 2013 the Trust had no Preferred Shares outstanding. The Trust may consider issuing Preferred Shares during the current fiscal year or in the future.

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, 2013, the Trust held no unsecured loans.

NOTE 10 CAPITAL SHARES

Transactions in capital shares and dollars were as follows:

	Year Ended February 28, 2013	Year Ended February 29, 2012
Number of Shares		
Reinvestment of distributions from common shares	289,931	152,404
Proceeds from shares sold	20,605	10,144
Net increase in shares outstanding	310,536	162,548
Dollar Amount ($)		
Reinvestment of distributions from common shares	$1,728,800	$ 916,239
Proceeds from shares sold	125,377	61,590
Net increase	$1,854,177	$ 977,829

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, 2013:

Paid-in Capital[(1)]	Undistributed Net Investment Income	Accumulated Net Realized Gains/(Losses)
$(22,421,058)	$ (1,541,939)	$23,962,997

(1) $22,421,058 relates to the expiration of capital loss carryforwards.

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NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

NOTE 11 FEDERAL INCOME TAXES (continued)

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

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

Year Ended February 28, 2013 Ordinary Income	Year Ended February 29, 2012 Ordinary Income
$ 62,192,534	$ 46,539,479

The tax-basis components of distributable earnings and the capital loss carryforwards which may be used to offset future realized capital gains for federal income tax purposes as of February 28, 2013 are detailed below. The Regulated Investment Company Modernization Act of 2010 (the "Act") provides an unlimited carryforward period for newly generated capital losses. Under the Act, there may be a greater likelihood that all or a portion of the Trust'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.

Undistributed Ordinary Income	Unrealized Appreciation/ (Depreciation)	Capital Loss Carryforwards Amount	Character	Expiration
$ 5,878,695	$ 8,014,141	$ (560,828)	Short-term	2014
		(41,585,301)	Short-term	2017
		(125,812,939)	Short-term	2018
		(24,760,715)	Short-term	2019
		(31,573,122)	Long-term	None
		$(224,292,905)		

The Trust's major tax jurisdictions are U.S. federal and Arizona. The earliest tax year that remains subject to examination by these jurisdictions is 2008.

As of February 28, 2013, no provision for income tax is required in the Trust's financial statements as a result of tax positions taken on federal and state income tax returns for open tax years. The Trust's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state department of revenue.

NOTE 12 RESTRUCTURING PLAN

The Investment Adviser, ING IM and the Administrator are indirect, wholly-owned subsidiaries of ING U.S., Inc. ("ING U.S."). ING U.S. is a U.S.-based financial institution whose subsidiaries operate in the retirement, investment, and insurance industries. As of February 28, 2013, ING U.S. is a wholly-owned subsidiary of ING Groep N.V. ("ING Groep"), which is a global financial institution of Dutch origin, with operations in more than 40 countries.

In October 2009, ING Groep submitted a restructuring plan (the "Restructuring Plan") to the European Commission in order to receive approval for state aid granted to ING Groep by the Kingdom of the

Netherlands in November 2008 and March 2009. To receive approval for this state aid, ING Groep was required to divest its insurance and investment management businesses, including ING U.S., before the end of 2013. In November 2012, the Restructuring Plan was amended to permit ING Groep additional time to complete the divestment. Pursuant to the amended Restructuring Plan, ING Groep must divest at least 25% of ING U.S. by the end of 2013, more than 50% by the end of 2014, and the remaining interest by the end of 2016 (such divestment, the "Separation Plan").

On November 9, 2012, ING U.S. filed a Registration Statement on Form S-1 (the "Form S-1") with the U.S. Securities and Exchange Commission ("SEC") to register an initial public offering of

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

ING U.S. common stock (the "IPO"). Following an IPO, ING Groep would likely continue to own a majority of the common stock of ING U.S. Subsequent to an IPO, ING Groep would likely sell its controlling ownership interest in ING U.S. over time. While the base case for the Separation Plan is the IPO, all options remain open and it is possible that ING Groep's divestment of ING U.S. may take place by means of a sale to a single buyer or group of buyers. Notwithstanding the filing of the Form S-1, there can be no assurance that the IPO will occur.

It is anticipated that one or more of the transactions contemplated by the Separation Plan would result in the automatic termination of the existing advisory and sub-advisory agreements under which the Adviser and sub-adviser(s) provide services to the Trust. In order to ensure that the existing investment advisory and sub-advisory services can continue uninterrupted, the Board approved new advisory and sub-advisory agreements for the Trust in connection with the IPO. In addition, shareholders of the Trust will be asked to approve new investment advisory and sub-advisory agreements prompted by the IPO, as well as any future advisory and sub-advisory agreements prompted by the Separation Plan that are approved by the Board and whose terms are not be materially different from the current agreements. This means that shareholders may not have another opportunity to vote on a new agreement with the Adviser or an affiliated sub-adviser even if they undergo a change of control, as long as no single person or group of persons acting together gains "control" (as defined in the 1940 Act) of ING U.S.

The Separation Plan, whether implemented through public offerings or other means, may be disruptive to the businesses of ING U.S. and its subsidiaries, including the Adviser and affiliated entities that provide services to the Trust, and may cause, among other things, interruption of business operations or services, diversion of management's attention from day-to-day operations, reduced access to capital, and loss of key employees or customers. The completion of the Separation Plan is expected to result in the Adviser's and affiliated entities loss of access to the resources of ING Groep, which could adversely affect its business. It is anticipated that ING U.S., as a stand-alone entity, may be a publicly held U.S. company subject to the reporting requirements of the Securities Exchange Act of 1934 as well as other U.S. government and state regulations, and subject to the risk of changing regulation.

During the time that ING Groep retains a majority interest in ING U.S., circumstances affecting ING Groep, including restrictions or requirements imposed on ING Groep by European and other authorities, may also affect ING U.S. A failure to complete the Separation Plan could create uncertainty about the nature of the relationship between ING U.S. and ING Groep, and could adversely affect ING U.S. and the Adviser and its affiliates. Currently, the Adviser and its affiliates do not anticipate that the Separation Plan will have a material adverse impact on their operations or the Trust and its operation.

NOTE 13 SUBSEQUENT EVENTS

Subsequent to February 28, 2013, the Trust paid the following dividends from net investment income:

Per Share Amount	Declaration Date	Record Date	Payable Date
$ 0.038	2/28/13	3/11/13	3/22/13
$ 0.038	3/28/13	4/10/13	4/22/13

At a meeting of the Board on January 10, 2013, the Board nominated 13 individuals (collectively, the "Nominees") for election as Trustees of the Trust. The Nominees include Colleen D. Baldwin, John V.

Boyer, Patricia W. Chadwick, Peter S. Drotch, J. Michael Earley, Patrick W. Kenny, Sheryl K. Pressler, Roger B. Vincent and Shaun P. Mathews, each of whom is a current member of the Board.

NOTES TO FINANCIAL STATEMENTS as of February 28, 2013 (continued)

In addition, the Board has nominated Albert E. DePrince Jr., Russell H. Jones, Martin J. Gavin, and Joseph E. Obermeyer, each of whom is not currently a member of the Board, but who serve as a director or trustee to other investment companies in the ING Fund complex. If the Nominees are approved by shareholders, the election of the Nominees is expected to be effective May 21, 2013. These nominations are, in part, the result of an effort on the part of the Board, another board in the ING Fund complex, and the Investment Adviser to the Trust to consolidate the membership of the boards so that the same members serve on each board in the ING Fund complex. A proxy statement has been sent to shareholders of the Trust included in this report, as well as shareholders of other ING Funds, seeking approval of the same Nominees. If these proposals were all approved by shareholders, the result would be that all ING Funds would be governed by a board made up of the same individuals.

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.

PORTFOLIO OF INVESTMENTS
ING PRIME RATE TRUST AS OF FEBRUARY 28, 2013

Principal Amount†		Borrower/ Tranche Description	Fair Value	Percentage of Net Assets
SENIOR LOANS*: 149.7%				
		Aerospace & Defense: 3.1%		
1,940,250		Data Device Corp. (DDC), 1st Lien Term Loan, 7.500%, 06/15/18	$ 1,937,825	0.2
9,850,000		Delta Airlines, Inc., New Term Loan, 4.500%, 04/20/17	9,932,080	1.1
8,000,000		Delta Airlines, Inc., Term Loan B-1, 5.250%, 10/15/18	8,118,336	0.9
2,500,000	(1)	DigitalGlobe Inc., Term Loan, 01/31/20	2,521,875	0.3
1,996,053	(1)	Forgings International Ltd., 2013 Replacement Dollar Term Facility Loan, 4.250%, 03/31/17	2,007,906	0.3

2,874,413	US Airways Group, Inc., Term Loan, 2.700%, 03/21/14	2,872,257	0.3
		27,390,279	**3.1**
	Automotive: 5.7%		
11,824,937	Chrysler Group LLC, Term Loan B, 6.000%, 05/24/17	12,088,503	1.4
2,775,000	FleetPride Corporation, First Lien Term Loan, 5.250%, 12/31/19	2,818,359	0.3
2,046,338	Fram Group Holdings Inc., First Lien Term Loan, 6.500%, 07/28/17	2,065,097	0.2

Principal Amount†	Borrower/ Tranche Description	Fair Value	Percentage of Net Assets
3,742,140	Fram Group Holdings Inc., Second Lien Term Loan, 10.500%, 01/29/18	$ 3,812,305	0.4
3,200,000	Goodyear Tire & Rubber	3,236,653	0.4

		Company (The), Second Lien Term Loan, 4.750%, 04/30/19		
	4,500,000	Hertz Corporation (The), Term Loan Facility, 3.750%, 03/09/18	4,532,814	0.5
	7,880,000	KAR Auction Services, Inc., Term Loan B, 5.000%, 05/19/17	7,970,289	0.9
	3,000,000	Metaldyne, LLC, Term Loan B, 6.000%, 12/15/18	3,031,251	0.3
EUR	2,000,000	Metaldyne, LLC, Term Loan E, 6.500%, 12/15/18	2,624,232	0.3
	3,238,069	Remy International, Inc., Term Loan B, 6.250%, 12/16/16	3,250,212	0.4
	1,276,502	Schrader International, Lux Term Loan, 6.250%, 04/30/18	1,292,458	0.2
	981,943	Schrader International, US Term Loan, 6.250%, 04/30/18	994,217	0.1

2,301,786	UCI International, Inc., Term Loan B, 5.500%, 07/26/17	2,310,418	0.3
		50,026,808	**5.7**

See Accompanying Notes to Financial Statements

PORTFOLIO OF INVESTMENTS
ING PRIME RATE TRUST AS OF FEBRUARY 28, 2013 (CONTINUED)

Principal Amount†		Borrower/ Tranche Description	Fair Value	Percentage of Net Assets
		Beverage & Tobacco: 0.9%		
8,000,000	(1)	ARAMARK, Term Loan D, 08/15/19	**$ 8,040,000**	**0.9**
		Brokers, Dealers & Investment Houses: 1.2%		
4,975,000		Nuveen Investments, Inc., First-Lien Incremental Term Loan, 7.250%, 05/13/17	4,999,875	0.6
1,000,000		Nuveen Investments, Inc., Term Loan B New Extended, 5.764%, 05/13/17	1,002,500	0.1
2,636,835		Nuveen Investments, Inc., Term Loan Extended 2017, 5.767%, 05/12/17	2,650,020	0.3
2,000,000		Nuveen Investments, Inc., Term Loan New Extended 2017, 5.764%, 05/13/17	2,010,000	0.2

Principal Amount†		Borrower/ Tranche Description	Fair Value	Percentage of Net Assets
			10,662,395	**1.2**
		Building & Development: 3.5%		
EUR	1,735,000	Ahlsell AB, Term Loan B, 5.686%, 03/31/19	2,275,576	0.3
	10,776,990	Capital Automotive L.P., Term Loan, 5.250%, 03/11/17	10,760,468	1.2
	3,952,797	Custom Building Products, Inc., Term Loan B, 6.000%, 12/14/19	3,992,325	0.5
	4,302,000	NCI Building Systems, Inc., Term Loan, 8.000%, 06/21/18	$ 4,354,700	0.5
	1,250,000	NES Rentals Holdings, Inc., Extended Second Lien Term Loan, 13.250%, 10/23/14	1,237,500	0.1
	2,779,035	Roofing Supply Group, Term Loan B, 5.000%,	2,806,825	0.3

	05/31/19		
5,600,000	Wilsonart LLC, Term Loan B, 5.500%, 10/31/19	5,677,000	0.6
		31,104,394	**3.5**
	Business Equipment & Services: 15.9%		
5,331,146	4L Holdings Inc., Term Loan, 6.752%, 05/06/18	5,331,146	0.6
7,267,794	Acosta, Inc., Term Loan D, 5.000%, 03/02/18	7,376,811	0.8
4,914,774	Advantage Sales & Marketing, Inc., Term Loan, 4.250%, 12/18/17	4,951,635	0.6
2,027,143	Advantage Sales & Marketing, Inc., Term Loan, 8.250%, 12/18/17	2,052,482	0.2
2,000,000	AlixPartners LLP, Second Lien Term Loan, 10.750%, 12/15/19	2,047,500	0.2
4,975,000	AlixPartners LLP, Term Loan B-2,	5,018,531	0.6

4.500%,
06/15/19

See Accompanying Notes to Financial Statements

PORTFOLIO OF INVESTMENTS
ING PRIME RATE TRUST AS OF FEBRUARY 28, 2013 (CONTINUED)

Principal Amount†	Borrower/ Tranche Description	Fair Value	Percentage of Net Assets
	Business Equipment & Services (continued)		
9,910,611	Avaya Inc., Term Loan B-3, 4.788%, 10/26/17	$9,255,271	1.1
3,798,583	Catalent Pharma Solutions, Inc., Incremental Term Loan B-2, 5.250%, 09/15/17	3,824,698	0.4
8,219,338	CorpSource Finance Holdings, LLC, 1st Lien Term Loan, 6.625%, 04/28/17	8,234,749	0.9
2,468,940	CorpSource Finance Holdings, LLC, 2nd Lien Term Loan, 10.500%, 04/29/18	2,374,298	0.3
4,675,000	First American Payment Systems, 1st Lien Term Loan, 5.750%,	4,717,856	0.5

	09/30/18		
750,000	First American Payment Systems, 2nd Lien, 10.750%, 03/30/19	759,375	0.1
10,000,000	First Data Corporation, Extended 2018 Dollar Term Loan, 4.202%, 03/23/18	9,899,110	1.1
4,800,000	GCA Services, Term Loan B, 5.250%,		