ING PRIME RATE TRUST
Form N-CSR
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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, 2005

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):

Annual Report

February 28, 2005

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 funds   investment objectives, risks, charges, expenses and other information. This information should be read carefully.

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ANNUAL REPORT

February 28, 2005

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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.

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 in a professionally managed portfolio comprised primarily of senior loans.

PORTFOLIO CHARACTERISTICS
AS OF FEBRUARY 28, 2005

Net Assets	$1,082,748,475
Total Assets	$2,081,042,903
Assets Invested in Senior Loans	$2,017,770,985
Senior Loans Represented	447
Average Amount Outstanding per Loan	$4,514,029
Industries Represented	38
Average Loan Amount per Industry	$53,099,236
Portfolio Turnover Rate	93%
Weighted Average Days to Interest Rate Reset	39
Average Loan Final Maturity	64 months
Total Leverage as a Percentage of Total Assets (including Preferred Shares)	45.46%

PEFORMANCE SUMMARY

The Trust declared $0.11 of dividends during the fourth fiscal quarter and $0.43 for the year ended February 28, 2005. Based on the average month-end net asset value (NAV) per share of $7.38, this resulted in an annualized distribution rate of 5.80%(1) for the quarter and 5.75%(1) for the year. The Trust s total return for the fourth fiscal quarter, based on NAV, was 2.43%, versus a total return on the S&P/LSTA Leveraged Loan Index of 1.27% for the same quarter. For the year, the total return, based on NAV, was 7.70%, versus 4.81% for the S&P/LSTA Leveraged Loan Index. The total market value return (based on full reinvestment of dividends) for the Trust s common shares during the fourth fiscal quarter was 3.10% and 2.04% for the year ended February 28, 2005.

MARKET OVERVIEW

The non-investment grade (or leveraged) loan market continued to exhibit what is, in our view, a very firm tone during the Trust s fourth fiscal quarter. For some time now, market sentiment has been buoyed by a combination of solid domestic economic growth and good prospects for further expansion, a relatively benign credit environment (i.e., low cyclical default rates and fewer ratings downgrades), and perhaps most importantly, the expectation of a continued measured (i.e., slow and steady) pace of Federal Reserve Board (Fed) interest rate increases. These factors have combined to create unprecedented demand for higher-yielding, ultra-short duration floating rate investment alternatives, such as non-investment grade loans. While demand has accelerated to levels not seen in several years, the supply of new leveraged loans, although respectable from a statistical perspective ($79 billion in the first calendar quarter of 2005), has continued to lag investor appetite. As in any credit market, with excess demand typically comes a host of less desirable outcomes, such as spread compression (i.e., lower borrowing spreads on newly issued loans); increasingly aggressive transaction structures and; specific to the secured loan market, less restrictive covenant protection

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

ING Prime Rate Trust

PORTFOLIO MANAGERS REPORT (continued)

afforded to secured lenders. To the former, the average borrowing spread on a new BB/BB- rated loan fell to a record low in March of 2005, further evidencing a market that favors the seller (i.e., the loan issuer or borrowing company). Looking forward, it remains difficult to say whether the descent in average borrowing spreads is approaching, or has reached, a bottom. As to the structural integrity of the loan market, it s clear to us that investors have become comfortable with placing more debt on companies while offering more flexible terms and conditions. Although we remain confident, generally speaking, that the bulk of new loan transactions currently coming to market are being arranged for companies with proven managers and business models, we remain very sensitive to structural degradation, and have thus become increasingly selective in our investment selection process, effectively investing with one eye toward expected performance in a decidedly less receptive credit environment.

TOP TEN INDSUTRY SECTORS
AS OF FEBRUARY 28, 2005
AS A PERCENTAGE OF:

	TOTAL ASSETS	NET ASSETS
North American Cable	9.2%	17.8%
Printing and Publishing	7.9%	15.2%
Healthcare, Education and Childcare	7.3%	14.0%
Chemicals, Plastics and Rubber	5.0%	9.7%
Leisure, Amusement, Entertainment	4.6%	8.8%
Containers, Packaging and Glass	4.4%	8.5%
Buildings and Real Estate	4.3%	8.2%
Utilities	4.1%	7.8%
Radio and TV Broadcasting	3.9%	7.6%
Automobile	3.4%	6.6%

Portfolio holdings are subject to change daily.

PORTFOLIO OVERVIEW

Consistent with recent periods, strong performance by the Trust s top holdings drove returns, as did our ability to both avoid developing problems and remain fully invested through the use of leverage by the Trust. The Trust held meaningful positions in the quarter s top five contributing loans, two of which resided within the Trust s top five positions (Charter Communications Operating, LLC and General Growth Properties, Inc., 2.7% and 1.7% of total assets, respectively, at fiscal year-end). Equally as important, the Trust did not have a material position in any of the five worst contributing issues during the quarter. Sector weightings did not vary significantly from the end of last quarter. Each of the top three sector exposures (Cable Television: 9.2% of total assets at February 28, 2005; Printing and Publishing: 7.9%; and Healthcare: 7.3%) were positive contributors to quarterly returns. Notable changes in other sectors during the fourth fiscal quarter include a continued reduction in Automobile (to 3.6%, from 4.5% at the end of the prior quarter), predicated on an adverse earnings and liquidity outlook, and an increase in Buildings and Real Estate (to 4.3% from 3.8% at last quarter-end), owing principally to an increase in new activity from several diversified Real Estate Investment Trusts (REITs). Non-performing loan assets (i.e., past due as to contractual interest and/or principal) continued to decline, ending the quarter at less than 0.70% of total assets, the bulk of which are illiquid positions acquired several years ago.

The Trust remains well-diversified. As of February 28, 2005, the average individual loan position represented approximately 0.22% of total assets, while the average industry sector exposure accounted for roughly 2.56%.

TOP TEN SENIOR LOAN ISSUERS
AS OF FEBRUARY 28, 2005
AS A PERCENTAGE OF:

	TOTAL ASSETS	NET ASSETS
Charter Communications Operating, LLC	2.7%	5.3%
General Growth Properties, Inc.	1.7%	3.3%
Olympus Cable Holdings, LLC	1.4%	2.6%
Century Cable Holdings, LLC	1.2%	2.4%
Community Health Systems, Inc.	1.2%	2.3%
Dex Media West, LLC	1.1%	2.0%
Insight Midwest Holding, LLC	1.0%	1.9%
Metro-Goldwyn-Mayer Studios, Inc.	0.9%	1.8%
Davita, Inc.	0.9%	1.7%
Paxson Communications Corporation	0.9%	1.7%

Portfolio holdings are subject to change daily.

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PORTFOLIO MANAGERS REPORT (continued)

USE OF LEVERAGE

The Trust utilizes financial leverage to seek to increase the yield to the holders of common shares. As of February 28, 2005, the Trust had $450 million of Aaa/AAA[2] rated cumulative auction rate preferred shares outstanding, and $496 million of borrowings outstanding under $570 million in available credit facilities. Total leverage, as a percentage of total assets (including preferred shares), was 45.46% at period end. The use of leverage for investment purposes increases both investment opportunity and investment risk.

OUTLOOK

Short of any material external disruption that would affect investor sentiment or the capital markets at large, the near-term outlook for the non-investment grade loan market is one of little change. We believe that robust demand is likely to continue to outstrip what appears to be an increasingly inconsistent supply of new loans, keeping secondary loan prices very firm (a positive for net asset value stability) and new issue spreads and yields at historical lows. However, we expect that the new issue pipeline to remain skewed towards lower-rated issuers, further testing the risk/return profile of the loan asset class. Fortunately, unless default rates were to rise rapidly and materially, an assumption not supported by the currently available data, we do not expect the recent volatility experienced in the fixed income and equity markets to spill over into the traditional leveraged loan market. In short, we believe an investment in the non-investment grade loan market will deliver a coupon-like return over the near-term, one that should continue to increase as the Fed marches forward in its attempt to keep inflation at an acceptable level. In addition, and equally as important, an investment in the asset class is also expected to provide an effective hedge against a potential decline in bond fund values brought on by rising interest rates. Our investment strategy remains credit-focused; as in the past, we will continue to forfeit spread in order to maintain credit discipline.

We thank you for your investment in ING Prime Rate Trust.

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 12, 2005

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(2) Obligations rated Aaa by Moody s Investors Service are judged to be of the highest quality, with minimal credit risk. An obligator rated AAA has extremely strong capacity to meet its financial commitments. AAA is the highest Issuer Credit Rating assigned by Standard & Poor s. Credit quality refers to the Trust s underlying investments, not to the stability or safety of this Trust.

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PORTFOLIO MANAGERS REPORT (continued)

	Average Annual Total Returns for the Periods Ended February 28, 2005			
	1 Year	3 Years	5 Years	10 Years
Based on Net Asset Value (NAV)	7.70%	7.77%	3.99%	5.85%
Based on Market Value	2.04%	10.45%	5.95%	6.97%
Credit Suisse First Boston Leverag				