SALOMON BROTHERS EMERGING MARKETS FLOATING RATE FUND INC
Form N-CSR
May 06, 2005

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 **811-8338**

Salomon Brothers Emerging Markets Floating Rate Fund Inc.

(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY 10004

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Smith Barney Fund Management LLC

300 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant s telephone number, including area code: (800) 451-2010

Date of fiscal year end: **February 28**

Date of reporting period: **February 28, 2005**

ITEM 1. REPORT TO STOCKHOLDERS.
The Annual Report to Stockholders is filed herewith.

Letter from the Chairman

Dear Shareholder,

R. JAY GERKEN, CFA

Chairman and
Chief Executive Officer

Despite rising interest rates, continued high oil prices, geopolitical concerns and uncertainties surrounding the U.S. Presidential election, the U.S. economy continued to expand during the 12-month period ended February 28, 2005. Following a 3.3% gain in the second quarter of 2004, gross domestic product (GDP)i growth was a robust 4.0% in the third quarter. The preliminary estimate for fourth quarter GDP growth was 3.8%, another solid gain.

Given the overall strength of the economy, Federal Reserve Board (Fed)ii monetary policy was seen as highly accommodative and expectations were that it would start raising rates to ward off the threat of inflation. As expected, the Fed raised its target for the federal funds rateiii by 0.25% to 1.25% on June 30, 2004 the first rate increase in four years. The Fed again raised rates in 0.25% increments during its meetings in August, September, November, December 2004, and February 2005, bringing the target for the federal funds rate to 2.50%. Following the end of the fund s reporting period, at its March meeting, the Fed increased the target rate by an additional 0.25% to 2.75%.
Regardless of the economic expansion and higher interest rates, the overall bond market posted a modest gain during the period. The best returns were generated by the riskier fixed income asset classes, such as high-yield bonds and emerging market debt, as investors searched for incremental yields.

Please read on for a more detailed look at prevailing economic and market conditions during the fund s fiscal year and to learn how those conditions have affected fund performance.

Information About Your Fund

As you may be aware, several issues in the mutual fund industry have recently come under the scrutiny of federal and state regulators. The fund s Adviser and some of its affiliates have received requests for information from various government regulators regarding market timing, late trading, fees, and other mutual fund issues in connection with various investigations. The fund has been informed that the Adviser and its affiliates are responding to those information requests, but are not in a position to predict the outcome of these requests and investigations.

As previously disclosed by Citigroup, the Staff of the Securities and Exchange Commission (SEC) has notified Citigroup Asset Management (CAM) and Citicorp Trust Bank (CTB), an affiliate of CAM, that the Staff is considering recommending a civil injunctive action and/or an administrative proceeding against CAM, CTB, the former CEO of CAM, two former employees and a current employee of CAM, relating to the creation, operation and fees of an internal transfer agent unit that serves various CAM-managed funds. This internal transfer agent did not provide services to the fund. Citigroup is cooperating with the SEC and will seek to resolve this matter in discussion with the SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the fund. For further information, please see the Additional Information note in the Notes to the Financial Statements included in this report.

As always, thank you for your continued confidence in our stewardship of your assets. We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA
Chairman and Chief Executive Officer

March 23, 2005

Manager Overview

Special Shareholder Notice

Effective January 1, 2005, the benchmark for the Salomon Brothers Emerging Markets Floating Rate Fund Inc. changed from the JPMorgan Emerging Markets Bond Index Plus (EMBI+)iv to the JPMorgan Emerging Markets Bond Index Global (EMBI Global)v In the opinion of the investment manager, the EMBI Global will provide a more effective benchmark index for the fund because of its greater diversity and more accurate reflection of the portfolio strategy with which the fund is managed.

Performance Review

For the 12 months ended February 28, 2005, the Salomon Brothers Emerging Markets Floating Rate Fund Inc. returned 9.50%, based on its New York Stock Exchange (NYSE) market price and 14.02% based on its net asset value (NAV)vi per share. In comparison, its unmanaged benchmark, the EMBI Global, returned 12.21% while the EMBI+ returned 12.62% over the same time frame. The Lipper Emerging Markets Debt Closed-End Funds Category Averagevii was 15.36% for the 12 months. Please note that Lipper performance returns are based on each fund s NAV.

During this 12-month period, the fund distributed dividends to shareholders totaling $0.8760 per share. The performance table shows the fund s 30-day SEC yield as well as its 12-month total return based on its NAV and market price as of February 28, 2005. **Past performance is no guarantee of future results. The fund s yields will vary.**

FUND PERFORMANCE
AS OF FEBRUARY 28, 2005
(unaudited)

Price Per Share	30-Day SEC Yield	12-Month Total Return
$14.18 (NAV)	3.34%	14.02%
$14.02 (Market Price)	3.38%	9.50%

All figures represent past performance and are not a guarantee of future results.
The fund s yield will vary.

Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all dividends and/or capital gains distributions, if any, in additional shares. The "SEC yield" is a return figure often quoted by bond and other fixed-income mutual funds. This quotation is based on the most recent 30-day (or one-month) period covered by the fund s filings with the SEC. The yield figure reflects the dividends and interest earned during the period after deduction of the fund s expenses for the period. These yields are as of February 28, 2005 and are subject to change.

Market Overview

Emerging markets debt returned 12.21% during the 12 months ended February 28, 2005, as represented by the EMBI Global. Improving country fundamentals and strong market technicals offset the downward pressure exerted by increases in the fed funds rate.

Sovereign debt markets exhibited strong performance at the start of the fiscal year amid a relatively benign period in the U.S. Treasury market; hedge funds joined crossover buyers in adding to their emerging markets debt allocations. However, markets were disrupted in April and May following a sharp sell-off in U.S. Treasury bonds caused by an extremely strong March U.S. jobs report. April saw the EMBI Global s largest sell-off since July of 2001, and May saw sovereign spreads over U.S. Treasuries widening to 549 basis pointsviii during the month, a level not seen since May of 2003. Markets rallied over the next few months overcoming the losses of April and May and performed strongly through the end of the period. Good country fundamentals, commodity price strength and relatively low U.S. Treasury market volatility during the balance of the period supported emerging markets debt returns.

Through all of this, emerging markets debt fundamentals remained strong, and the markets benefited from increasing signs of a global economic turnaround. Continued strength in commodity prices, including metals, agriculture, and oil, provided positive support for many emerging market economies. Oil prices, in particular, remained high, favoring oil exporters, although fears remained that high-energy prices might dampen the global recovery.

The year was also marked by broad credit quality improvements across emerging markets. Continued progress on political and economic reforms in many emerging countries, combined with the positive macro environment, led to a spate of credit rating upgrades throughout the year. Moody s and Standard & Poor s collectively upgraded 15 countries during the calendar year 2004, representing more than 58.0% of the EMBI Global, and have upgraded five more countries represented in the index through the first two months of this year. The improving credit quality in emerging markets has encouraged broader investor participation and may have caused some long-term investors to change their allocation to emerging markets from tactical to strategic, providing additional technical support for the market.

Emerging markets spreads tightened 98 basis points during the 12-month period ended February 28, 2005, closing at 333 basis points over U.S. Treasuries. Over the period, 12-month return volatility stood at 7.09%,ix substantially below long-term, historical levels of approximately 16.0%.

Factors Influencing Fund Performance

Fund performance for the period was primarily driven by macroeconomic and market factors, as outlined in the market overview section above, rather than individual country events. That said, our overweight positions in Ecuador and Brazil and our underweights in Mexico and Russia positively contributed to overall performance during the period. The fund s use of leverage also positively contributed to our performance versus the benchmark during the period.

Looking for Additional Information?

The fund is traded under the symbol EFL and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under symbol XEFLX. *Barron s* and *The Wall Street Journal s* Monday editions carry closed-end fund tables that will provide additional information. In addition, the fund issues a quarterly press release that can be found on most major financial websites as well as www.sbam.com.

In a continuing effort to provide information concerning the fund, shareholders may call 1-888-777-0102 or 1-800-SALOMON (toll free), Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time, for the fund s current NAV, market price, and other information.

Thank you for your investment in the Salomon Brothers Emerging Markets Floating Rate Fund Inc. As ever, we appreciate that you have chosen us to manage your assets and we remain focused on seeking to achieve the fund s investment goals.

Sincerely,

Peter J. Wilby, CFA	Thomas K. Flanagan, CFA
President	Executive Vice President

March 23, 2005

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

Portfolio holdings and breakdowns are as of February 28, 2005 and are subject to change and may not be representative of the portfolio manager s current or future investments. The fund s top ten holdings (as a percentage of net assets) as of this date were: Federative Republic of Brazil, DCB, Series L, 3.125% due 4/15/12 (11.9%); Bolivarian Republic of Venezuela, DCB, Series DL, 3.625% due 12/18/07 (8.2%); Federative Republic of Brazil, NMB, Series L, 3.125% due 4/15/09 (7.3%); Republic of Peru, FLIRB, 4.500% due 3/7/17 (7.2%); Republic of Peru, PDI, 5.000% due 3/7/17 (6.1%); Republic of Panama, PDI, 3.750% due 7/17/16 (6.0%); Federative Republic of Brazil, MYDFA, 2.875% due 9/15/07 (5.7%); Federative Republic of Brazil, FLIRB, Series L, 3.063% due 4/15/09 (5.6%); Republic of Bulgaria, FLIRB, Series A, 3.750% due 7/28/12 (5.4%) and Republic of the Philippines, DCB, 3.438% due 12/1/09 (4.8%). Please refer to pages 8 through 9 for a list and percentage breakdown of the fund s holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. Portfolio holdings are subject to change at any time and may not be representative of the portfolio manager s current or future investments. The fund s top five country holdings as of (as a percentage of net assets) February 28, 2005 were: Brazil (30.4%), Peru (13.3%), Turkey (8.2%), Venezuela (8.2%) and Colombia (6.0%). The fund s portfolio composition is subject to change at any time.

RISKS: The fund may invest in high-yield and foreign securities, including emerging markets, which involve risks beyond those inherent in solely higher-rated and domestic investments. High yield bonds involve greater credit and liquidity risks than investment grade bonds. Investing in foreign securities is subject to certain risks not associated with domestic investing, such as currency fluctuations, and changes in political and economic conditions. These risks are magnified in emerging or developing markets. Investments in small-cap and mid-cap companies involve greater risks and volatility than investments in large-cap companies. Derivatives, such as options or futures, can be illiquid and harder to value, especially in declining markets. A small investment in certain derivatives may have a potentially large impact on a fund s performance.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

[i] Gross domestic product is a market value of goods and services produced by labor and property in a given country.

[ii] The Federal Reserve Board is responsible for the formulation of a policy designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

[iii] The federal funds rate is the interest rate that banks with excess reserves at a Federal Reserve district bank charge other banks that need overnight loans.

[iv] The JPMorgan Emerging Markets Bond Index Plus is a total return index that tracks the traded market for U.S. dollar- denominated Brady and other similar sovereign restructured bonds traded in the emerging markets.

[v] JPMorgan Emerging Markets Bond Index Global tracks total returns for U.S. dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds, and local market instruments. Countries covered are Algeria, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Cote d Ivoire, Croatia, Ecuador, Greece, Hungary, Lebanon, Malaysia, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Thailand, Turkey and Venezuela.

[vi] NAV is calculated by subtracting total liabilities from the closing value of all securities held by the fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the fund has invested. However, the price at which an investor may buy or sell shares of the fund is at the fund s market price as determined by supply of and demand for the fund s shares.

[vii] Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the 12-month period ended February 28, 2005, calculated among the 13 funds in the fund s Lipper category including the reinvestment of dividends and capital gains distributions, if any.

[viii] A basis point is one one-hundredth (1/100 or 0.01) of one percent.

[ix] Source: JPMorgan Chase.

Fund at a Glance (unaudited)

Sovereign Bonds

Loan Participations

Repurchase Agreements

As a Percent of Total Investments

92.4%

95.8%

0.1%

4.2%

4.1%

3.4%

0.0%

25.0%

75.0%

50.0%

100.0%

February 28, 2005

August 31, 2004

Investment Breakdown

Schedule of Investments

February 28, 2005

Face Amount	Security (a)	Value
Sovereign Bonds 92.4%		
Brazil 28.8%		
	Federative Republic of Brazil:	
$7,500,060	DCB, Series L, 3.125% due 4/15/12 (b)	$ 7,256,308
3,461,538	FLIRB, Series L, 3.063% due 4/15/09 (b)	3,405,288
3,489,246	MYDFA, 2.875% due 9/15/07 (b)(c)	3,447,016
4,460,532	NMB, Series L, 3.125% due 4/15/09 (b)	4,443,805
		18,552,417
Bulgaria 5.1%		
3,285,714	Republic of Bulgaria, FLIRB, Series A, 3.750% due 7/28/12 (b)	3,302,142
Colombia 5.7%		
	Republic of Colombia:	
900,000	7.625% due 2/15/07	955,575
100,000	10.750% due 1/15/13	117,025
1,770,000	8.700% due 2/15/16	1,787,700
650,000	11.750% due 2/25/20	822,250
		3,682,550
Ecuador 5.5%		
	Republic of Ecuador:	
925,000	12.000% due 11/15/12 (c)	941,419
2,775,000	8.000% due 8/15/30 (b)(c)	2,598,094
		3,539,513
Mexico 2.9%		
1,600,000	United Mexican States, 8.375% due 1/14/11	1,866,800
Panama 5.6%		
3,837,191	Republic of Panama, PDI, 3.750% due 7/17/16 (b)	3,645,331
Peru 12.6%		
	Republic of Peru:	
4,675,000	FLIRB, 4.500% due 3/7/17 (b)	4,394,500
3,872,000	PDI, 5.000% due 3/7/17 (b)	3,707,440
		8,101,940
The Philippines 5.1%		
	Republic of the Philippines:	
3,020,000	DCB, 3.438% due 12/1/09 (b)	2,899,200
456,944	FLIRB, Series B, 3.438% due 6/1/08 (b)	423,817
		3,323,017
Russia 5.6%		
	Russian Federation:	
1,900,000	11.000% due 7/24/18 (c)	2,745,500
800,000	5.000% due 3/31/30 (b)(c)	841,250
		3,586,750

See Notes to Financial Statements.

Schedule of Investments (continued)

February 28, 2005

Face Amount	Security (a)	Value
Turkey 7.8%		
	Republic of Turkey:	
$ 550,000	12.375% due 6/15/09	$ 689,562
1,600,000	11.500% due 1/23/12	2,072,000
1,750,000	11.000% due 1/14/13	2,248,750
		5,010,312
Venezuela 7.7%		
4,999,759	Bolivarian Republic of Venezuela, DCB, Series DL, 3.625% due 12/18/07 (b)	4,990,384
	Total Sovereign Bonds (Cost $54,623,505)	**59,601,156**
Loan Participation (b)(d) 3.4%		
2,236,649	Kingdom of Morocco, Tranche A, 3.803% due 1/2/09 (JPMorgan Chase & Co., CS First Boston Corp., UBS Financial Services Inc.) (Cost $2,143,807)	**2,208,691**
Repurchase Agreements 4.2%		
1,690,000	Interest in $696,695,000 joint tri-party repurchase agreement dated 2/28/05 with Merrill Lynch Government Securities Inc., 2.600% due 3/1/05; Proceeds at maturity $1,690,122; (Fully collateralized by various U.S. Government Agency Obligations, 1.500% to 6.000% due 6/15/05 to 1/21/25; Market value $1,723,808)	1,690,000
1,000,000	Interest in $1,034,334,000 joint tri-party repurchase agreement dated 2/28/05 with UBS Securities LLC, 2.630% due 3/1/05; Proceeds at maturity $1,000,073; (Fully collateralized by various U.S. Government Agency Obligations, 2.000% to 5.000% due 1/15/06 to 10/15/14; Market value $1,020,004)	1,000,000
	Total Repurchase Agreements (Cost $2,690,000)	**2,690,000**
	Total Investments 100.0% (Cost $59,457,312*)	**$ 64,499,847**

(a) *Securities are segregated as collateral pursuant to loan agreement or swap agreement.*
(b) *Rate shown reflects current rate on instrument with variable rate or step coupon rates.*
(c) *Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to the guidelines approved by the Board of Directors.*
(d) *Participation interests were acquired through the financial institutions indicated parenthetically.*
* *Aggregate cost for federal income tax purposes is $59,552,800.*

Abbreviations used in this schedule:

DCB	Debt Conversion Bond.
FLIRB	Front-Loaded Interest Reduction Bond.
MYDFA	Multi-Year Depository Facility Agreement.
NMB	New Money Bond.
PDI	Past Due Interest.

See Notes to Financial Statements.

Statement of Assets and Liabilities

February 28, 2005

ASSETS:	
Investments, at value (Cost $59,457,312)	$ 64,499,847
Receivable for securities sold	10,989,005
Cash	251
Deposits with brokers for initial margin on interest rate swap contract	1,580,475
Interest receivable	755,870
Prepaid expenses	20,916
Total Assets	**77,846,364**
LIABILITIES:	
Loan payable (Note 4)	15,000,000
Unrealized depreciation on interest rate swap contract (Note 3)	1,374,195
Payable on interest rate swap contract (Note 3)	167,049
Loan interest payable (Note 4)	82,816
Management fee payable	48,976
Directors fee payable	7,172
Accrued expenses	141,328
Total Liabilities	**16,821,536**
Total Net Assets	**$ 61,024,828**
NET ASSETS:	
Par value of common stock ($0.001 par value, 100,000,000 shares authorized; 4,302,735 shares outstanding)	$ 4,303
Capital paid in excess of par value	57,116,975
Undistributed net investment income	77,909
Undistributed net realized gain from investments transactions and interest rate swap contract	157,301
Net unrealized appreciation of investments and interest rate swap contract	3,668,340
Total Net Assets	**$ 61,024,828**
Net Asset Value, per share ($61,024,828 ÷ 4,302,735 shares outstanding)	**$ 14.18**

See Notes to Financial Statements.

Statement of Operations

For the Year Ended February 28, 2005

INVESTMENT INCOME:	
Interest	**$ 5,158,663**
EXPENSES:	
Management fee (Note 2)	603,725
Interest expense (Note 4)	424,132
Audit and tax fees	76,881
Legal fees	68,859
Directors fees	58,701
Shareholder communications	53,429
Custody	33,699
Transfer agency services	27,463
Stock exchange listing fees	17,888
Other	17,418
Total Expenses	**1,382,195**
Net Investment Income	**3,776,468**
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND INTEREST RATE SWAP CONTRACT (NOTES 1 AND 3):	
Realized Gain (Loss) From:	
Investment transactions	4,116,776
Interest rate swap contract	(683,940)
Net Realized Gain	**3,432,836**
Net Change in Unrealized Appreciation/Depreciation of Investments and Interest Rate Swap Contract	**431,334**
Net Gain on Investments and Interest Rate Swap Contract	**3,864,170**
Increase in Net Assets From Operations	**$ 7,640,638**

See Notes to Financial Statements.

Statements of Changes in Net Assets

For the Years Ended February 28, 2005 and February 29, 2004

	2005	2004
OPERATIONS:		
Net investment income	$ 3,776,468	$ 4,351,484
Net realized gain	3,432,836	5,584,103
Net change in unrealized appreciation/depreciation	431,334	3,378,569
Increase in Net Assets From Operations	**7,640,638**	**13,314,156**
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(3,140,943)	(4,501,258)
Net realized gain	(628,199)	
Decrease in Net Assets From Distributions to Shareholders	**(3,769,142)**	**(4,501,258)**
FUND SHARE TRANSACTIONS:		
Proceeds from shares issued on reinvestment of dividends (737 and 4,728 shares issued, respectively)	**9,865**	**59,995**
Increase in Net Assets From Fund Share Transactions	**9,865**	**59,995**
Increase in Net Assets	3,881,361	8,872,893
NET ASSETS:		
Beginning of year	57,143,467	48,270,574
End of year*	**$ 61,024,828**	**$ 57,143,467**
* Includes undistributed (overdistributed) net investment income of:	$ 77,909	$ (38,621)

See Notes to Financial Statements.

Statement of Cash Flows

For the Year Ended February 28, 2005

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:	
Interest received	$ 3,497,330
Operating expenses paid	(976,725)
Net purchase of short-term investments	(2,432,000)
Realized loss on interest rate swap transactions	(683,940)
Purchases of long-term investments	(90,600,455)
Proceeds from dispostion of long-term investments	94,482,847
Interest paid on bank loans	(398,962)
Net Cash Provided By Operating Activities	**2,888,095**
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:	
Cash distributions paid on Common Stock	(3,769,142)
Proceeds from shares issued on reinvestment of dividends	9,865
Net Cash Used By Financing Activities	**(3,759,277)**
Net Decrease in Cash	**(871,182)**
Cash, Beginning of year	2,451,908
Cash, End of year	**$ 1,580,726**
RECONCILIATION OF INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:	
Increase in Net Assets From Operations	**$ 7,640,638**
Accretion of discount on investments	(1,610,745)
Increase in investments, at value	(5,910,625)
Amortization of premium on investments	126,324
Increase in interest receivable	(209,363)
Increase in interest rate swap contract payable	32,451
Decrease in receivable for securities sold	2,812,907
Increase in prepaid expense	(20,916)
Increase in interest payable on loan	25,170
Increase in accrued expenses	2,254
Total Adjustments	**(4,752,543)**
Net Cash Flows Provided By Operating Activities	**$ 2,888,095**

See Notes to Financial Statements.

Financial Highlights

For a share of capital stock outstanding throughout each year ended February 28, unless otherwise noted:

	2005	2004(1)	2003	2002	2001
Net Asset Value, Beginning of Year	$ 13.28	$ 11.23	$ 12.07	$ 11.84	$ 12.08
Income (Loss) From Operations:					
Net investment income	0.88	1.01	1.24 (2)	1.32 (2)(3)	1.48
Net realized and unrealized gain (loss)	0.90	2.09	(0.98) (2)	0.41 (2)(3)	(0.13)
Total Income From Operations	1.78	3.10	0.26	1.73	1.35
Less Distributions From:					
Net investment income	(0.73)	(1.05)	(1.09)	(1.50)	(1.59)
Net realized gains	(0.15)				
Return of Capital			(0.01)		
Total Distributions	(0.88)	(1.05)	(1.10)	(1.50)	(1.59)
Net Asset Value, End of Year	$ 14.18	$ 13.28	$ 11.23	$ 12.07	$ 11.84
Market Price, End of Year	$ 14.02	$ 13.69	$ 11.30	$ 11.75	$ 12.85
Total Return,					
Based on Market Price(4)	9.50 %	31.55 %	6.92 %	3.94 %	33.58 %
Net Assets, End of Year (000s)	$ 61,025	$ 57,143	$ 48,271	$ 51,768	$ 50,576
Ratios to Average Net Assets:					
Total expenses, including interest expense	2.40 %	2.36 %	2.65 %	1.81 %	
Total expenses, excluding interest expense (operating expenses)	1.67 %	1.70 %	1.69 %	1.54 %	1.52 %
Net investment income	6.57 %	7.93 %	11.64 %(2)	11.55 %(2)(3)	12.48 %
Portfolio Turnover Rate	136 %	87 %	87 %	142 %	221 %
Loans Outstanding, End of Year (000s)	$ 15,000	$ 15,000	$ 15,000	$ 15,000	
Weighted Average Loans (000s)	$ 15,000	$ 15,000	$ 15,000	$ 14,566	
Weighted Average Interest Rate on Loans	2.83 %	2.40 %	2.97 %	3.51 %	

(1) *For the year ended February 29, 2004.*

(2) *Certain amounts have been reclassified among net investment income and net realized gains in order to conform to current year presentation of swap contracts. Without the effect of these reclassifications, the net investment income for the years ended February 28, 2003 and February 28, 2002 would have been $1.08 and $1.25, respectively. Net realized and unrealized gain (loss) would have been $(0.82) and $0.48, respectively. In addition, the ratio of net investment income to average net assets would have been 10.16% and 10.95%, respectively. These reclassifications had no impact on the net asset value of the Fund or the amount and character of distributions.*

(3) *Effective March 1, 2001, the Fund adopted a change in the accounting method that requires the Fund to amortize premiums and accrete all discounts. Without the adoption of this change, for the year ended February 28, 2002, the change to net investment income, net realized and unrealized gain and the ratio of net investment income to average net assets was less than $0.01, $0.01 and 0.01%, respectively. Per share information, ratios and supplemental data for the periods prior to March 1, 2001 have not been restated to reflect this change in presentation.*

(4)