

FRANKLIN FLOATING RATE TRUST

Form N-30D

March 21, 2003

Semi
Annual
Report

[GRAPHIC OMITTED]

JANUARY 31, 2003

FRANKLIN FLOATING RATE TRUST

WANT TO RECEIVE THIS DOCUMENT FASTER VIA EMAIL?

ELIGIBLE SHAREHOLDERS CAN SIGN UP FOR EDELIVERY AT FRANKLINTEMPLETON.COM. SEE
INSIDE FOR DETAILS.

[LOGO OMITTED]
FRANKLIN (R) TEMPLETON (R)
INVESTMENTS

THANK YOU FOR INVESTING WITH FRANKLIN TEMPLETON. WE ENCOURAGE OUR
INVESTORS TO MAINTAIN A LONG-TERM PERSPECTIVE AND REMEMBER THAT ALL
SECURITIES MARKETS MOVE BOTH UP AND DOWN, AS DO MUTUAL FUND SHARE
PRICES. WE APPRECIATE YOUR PAST SUPPORT AND LOOK FORWARD TO
SERVING YOUR INVESTMENT NEEDS IN THE YEARS AHEAD.

[PHOTO OMITTED]
CHARLES B. JOHNSON

CHAIRMAN
FRANKLIN FLOATING RATE TRUST

EDELIVERY DETAILS:
Log in at franklintempleton.com and click on eDelivery. Shareholders who are
registered at franklintempleton.com can receive these reports via email. Not all
accounts are eligible for eDelivery.

SHAREHOLDER LETTER

YOUR FUND'S GOAL AND PRIMARY INVESTMENTS: FRANKLIN FLOATING RATE TRUST'S PRIMARY
GOAL IS TO PROVIDE AS HIGH A LEVEL OF CURRENT INCOME AND PRESERVATION OF CAPITAL
AS IS CONSISTENT WITH INVESTMENT PRIMARILY IN SENIOR SECURED CORPORATE LOANS AND
CORPORATE DEBT SECURITIES WITH FLOATING INTEREST RATES.

Dear Shareholder:

This semiannual report for Franklin Floating Rate Trust covers the period ended
January 31, 2003.

ECONOMIC OVERVIEW

During the six months under review, the U.S. economy rebounded from 2001's
lingering recession. The economy, as measured by gross domestic product (GDP)

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

growth, expanded at a healthy 4.0% annualized rate in the third quarter. The annualized GDP growth rate fell sharply to an estimated 1.4% in the fourth quarter, however, as consumer spending slowed to its weakest pace in more than a decade.

CONTENTS

Shareholder Letter	1
Performance Summary	7
Financial Highlights & Statement of Investments	8
Financial Statements	20
Notes to Financial Statements	23

[GRAPHIC OMITTED] FUND CATEGORY

EDGAR REPRESENTATION OF TEXT USED IN PYRAMID GRAPHIC AS FOLLOWS:

Global
Growth
Growth & Income
Income
Tax-Free Income

The dollar value, number of shares or principal amount, and complete legal titles of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 9.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

[SIDEBAR]

WHAT ARE SYNDICATED BANK LOANS?

SYNDICATED BANK LOANS ARE TYPICALLY SECURED, FLOATING RATE LOANS TO CORPORATE BORROWERS MADE BY A GROUP, OR SYNDICATE, OF BANKS AND OTHER LENDERS. A GROUP OF LENDERS PROVIDES CAPITAL TO COMPANIES FOR VARIED PURPOSES, SUCH AS MERGER AND ACQUISITION ACTIVITY, LEVERAGED BUYOUTS OR REFINANCINGS. BORROWING RATES ARE GENERALLY PEGGED TO AN INDEX, SUCH AS LIBOR, THE LONDON INTERBANK OFFERED RATE.

Interest rates remained at historically low levels largely due to aggressive action by the Federal Reserve Board (the Fed). In November 2002, the Fed cut the federal funds target rate 50 basis points (0.50%) to 1.25%, the lowest level in more than 40 years. Short-term interest rates, as measured by the 3-month London InterBank Offered Rate (LIBOR), the benchmark underlying many of the Fund's floating rate loans, fell from 1.82% at the beginning of the reporting period to 1.35% on January 31, 2003. Long-term rates also dipped, and the yield on the 10-year Treasury note fell from 4.51% to 4.00%.

U.S. equity markets experienced significant volatility during the reporting period. Initially declining, they staged a brief recovery before falling again. Overall, the Dow Jones Industrial Average fell from 8736.59 on July 31, 2002, to 8053.81 at period-end.

SYNDICATED BANK LOAN MARKET

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

The six-month reporting period was another volatile period for the bank loan market. Total issuance, including investment-grade issues, diminished due to high default rates, accounting irregularities and sector-specific difficulties in industries like telecommunications and utilities. According to Standard & Poor's, however, leveraged loan issuance for all of 2002 was actually the same as 2001, indicating that the problems in the investment-grade market benefited the leveraged loan segment to some extent.

After a very strong second quarter 2002, which saw numerous refinancings, the leveraged loan market took a breather at the

2

beginning of the summer. By late summer, lack of demand sent secondary prices tumbling, closing the primary market to all but the highest quality new issues. As has become commonplace in the hot-and-cold loan market, however, a turnaround was soon at hand thanks to a recovery in equity and high yield markets. By early fall, market tone began to improve, and a number of new deals -- including several leveraged buyouts -- were well received. In addition, buyers started to express interest in discounted loans in the secondary market. After hitting lows in early November, secondary prices recovered somewhat by the end of the reporting period.

Default rates improved during the period, falling to 6% at the end of 2002, down from a peak of 7.4% in June 2002. At year-end 2002, the default rate, as measured by number of issuers, was at its lowest level since May 2000. 1

Over the past six months, the loan market started to resemble the high yield bond market, with many deals restructured to meet market demands. Final interest rate spreads and price discounts were often very different from originally proposed terms. By the beginning of 2003, spreads started to tighten a bit, reflecting investors' willingness to accept more risk. This opening of the high yield market also tightened pricing a bit, and some companies had the option of issuing high yield bonds to meet their capital needs. The pipeline of new deals remained surprisingly strong in early 2003, reflecting the market's ability to absorb new issues and refinance older loans.

TOP 10 HOLDINGS 1/31/03

COMPANY SECTOR/INDUSTRY	% OF TOTAL NET ASSETS
Wyndham International Inc. HOTELS, RESORTS & CRUISELINES	2.4%
Loews Cineplex Entertainment Corp. MOVIES & ENTERTAINMENT	2.1%
Arch Wireless Inc. WIRELESS COMMUNICATIONS	1.9%
Vertis Inc. COMMERCIAL PRINTING & FORMS	1.7%
Tenneco Automotive Inc. AUTO PARTS: O.E.M.	1.6%
Alabama Pine & Pulp PULP & PAPER	1.6%

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Adelphia Communications CABLE & SATELLITE TELEVISION	1.5%
Charter Communications CCVI & CCVII CABLE & SATELLITE TELEVISION	1.4%
Southern California Edison Co. ELECTRIC UTILITIES	1.3%
Ashtead Group RENTAL & LEASING COMPANIES	1.2%

1. Source: Standard & Poor's, www.pmdzone.com.

3

DIVIDEND DISTRIBUTIONS* 8/1/02-1/31/03

MONTH	DIVIDEND PER SHARE
August	3.3879 cents
September	3.0826 cents
October	3.5225 cents
November	3.4159 cents
December	3.8568 cents
January	3.5885 cents
TOTAL	
	20.8542 CENTS

*Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity during the month. Income distributions include all accrued income earned by the Fund during the reporting period.

PORTFOLIO NOTES

Within this environment, Franklin Floating Rate Trust posted a +0.75% cumulative total return for the six months ended January 31, 2003, as shown in the Performance Summary on page 7. The Fund's share price, as measured by net asset value, declined from \$8.31 on July 31, 2002, to a low of \$8.00 in mid-November as the bank loan market seemed to bottom out, before ending the period at \$8.16.

During the six months under review, we continued to pursue our strategy of focusing on providing loans to companies with strong cash flow, franchise value and asset coverage. Consistent with that approach, we invested in the Dex Media East bank facility, which funded the leveraged buyout of Qwest's yellow page directory business. Qwest, a financially troubled telephone company serving areas in the western U.S., desperately needed to raise cash to reduce debt, and

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

two major leveraged buyout firms agreed to buy the firm's yellow page directories business in two parts. We invested in the bank loan that financed the first transaction. We felt that the inherently stable nature of the yellow page business and strong collateral value -- including the right to be Qwest's official yellow page publisher and the use of the Qwest yellow page brand name -- made the loan attractive.

We also participated in refinancing the bank debt of PerkinElmer, a leading provider of scientific instruments, consumables and services to the pharmaceutical, biomedical, environmental testing and general industrial industries. We found the bank debt attractive due to the company's leading market position and diversified product offering, as well as its global reach.

4

MDCP Acquisitions, the largest European-based integrated manufacturer of containerboard, corrugated containers and other paper-based packaging products, was another of the Fund's new investments during the period. We found the MDCP senior credit issues attractive due to their strong underlying security package and significant asset coverage. Additionally, we believe MDCP benefits from an internationally experienced management team with local expertise in each of MDCP's geographic markets, including Europe, North America and Latin America.

Lastly, the Fund also invested in the debt of Integrated Defense Technologies (IDT), a leading supplier of defense electronics whose products are installed on front-line defense platforms and used by all branches of the U.S. military. We felt comfortable lending to IDT because its products are viewed by the military as "mission critical," giving the company a stable base of funding. Moreover, IDT's management believes that its large base of installed products provides ample opportunity for future growth and diversification of the company's program and customer base, as well as significant opportunities for follow-on business.

Looking forward, we will continue our strategy of holding loans from companies that we believe have strong market positions and asset coverage. We are cautiously optimistic on the leveraged loan market. The economy appears to be in the midst of a shallow but solid recovery and interest rates remain very low, but potentially poised to increase. With its relatively stable share price and potential for high, current income, we believe the Fund is an attractive investment for those seeking to diversify portfolios heavily weighted in equities.

5

A NOTE ABOUT DUPLICATE MAILINGS

YOU WILL RECEIVE THE FUND'S SHAREHOLDER REPORT EVERY SIX MONTHS. TO REDUCE FUND EXPENSES, WE TRY TO IDENTIFY RELATED SHAREHOLDERS IN A HOUSEHOLD AND SEND ONLY ONE COPY OF THE REPORT. THIS PROCESS, CALLED "HOUSEHOLDING," WILL CONTINUE INDEFINITELY UNLESS YOU INSTRUCT US OTHERWISE. IF YOU PREFER NOT TO HAVE THESE DOCUMENTS HOUSEHOLDED, PLEASE CALL US AT 1-800/632-2301. AT ANY TIME YOU MAY VIEW CURRENT SHAREHOLDER REPORTS ON OUR WEBSITE.

We appreciate your investment in Franklin Floating Rate Trust and welcome any

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

comments or suggestions you might have.

Sincerely,

/S/ C B Johnson
Charles B. Johnson
Chairman

/S/Chauncey Lufkin
Chauncey Lufkin
Chief Investment Officer

/S/Richard D'Addario
Richard D'Addario
Portfolio Manager

Franklin Floating Rate Trust

This discussion reflects our analysis, opinions and portfolio holdings as of January 31, 2003, the end of the reporting period. Our strategies and the Fund's portfolio composition will change depending on market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information provided is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable but the adviser makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

6

PERFORMANCE SUMMARY AS OF 1/31/03

DISTRIBUTIONS AND RETURNS WILL VARY BASED ON EARNINGS OF THE FUND'S PORTFOLIO AND ANY PROFITS REALIZED FROM THE SALE OF THE PORTFOLIO'S SECURITIES, AS WELL AS THE LEVEL OF THE FUND'S OPERATING EXPENSES. THE PERFORMANCE TABLE DOES NOT REFLECT THE DEDUCTION OF TAXES THAT A SHAREHOLDER WOULD PAY ON FUND DISTRIBUTIONS OR THE REDEMPTION OF FUND SHARES.

PRICE AND DISTRIBUTION INFORMATION

	CHANGE	1/31/03	7/31/02
Net Asset Value (NAV)	-\$0.15	\$8.16	\$8.31
DISTRIBUTIONS (8/1/02-1/31/03)			
Dividend Income	\$0.208542		

PERFORMANCE

	6-MONTH	1-YEAR	5-YEAR	INCEPTION (10/10/9)
Cumulative Total Return 1	+0.75%	-2.55%	+17.82%	+19.96%
Average Annual Total Return 2	-0.24%	-3.47%	+3.33%	+3.49%

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Avg. Ann. Total Return (12/31/02) 3	-4.30%	+3.23%	+3.34%
Distribution Rate 4	5.18%		
30-Day Standardized Yield 5	6.87%		

 Shares repurchased within 18 months of investment are subject to 1% early withdrawal charge. The Fund's manager agreed in advance to waive a portion of its management fees. If the manager had not taken this action, the Fund's total return would have been lower. The fee waiver may be discontinued at any time, upon notice to the Fund's Board of Trustees.

1. Cumulative total return represents the change in value of an investment over the periods indicated and does not include the early withdrawal charge.
2. Average annual total return represents the average annual change in value of an investment over the periods indicated and includes the 1% early withdrawal charge, assuming shares were redeemed within 18 months of purchase. Six-month return has not been annualized.
3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
4. The distribution rate is based on the annualization of daily distributions totaling 3.4723 cents per share during the last 30 days of January and the \$8.16 NAV on 1/31/03.
5. Yield, calculated as required by the SEC, is based on the earnings of the Fund's portfolio for the 30 days ended 1/31/03.

For more current performance, see "Funds and Performance" at franklintempleton.com or call 1-800/342-5236.

Past performance does not guarantee future results.

FRANKLIN FLOATING RATE TRUST

Financial Highlights

	SIX MONTHS ENDED JANUARY 31, 2003 (UNAUDITED)	YEAR ENDED JULY 31,		
		2002	2001	2000
PER SHARE OPERATING PERFORMANCE (for a share outstanding throughout the period)				
Net asset value, beginning of period	\$8.30	\$9.24	\$9.85	\$9.98
Income from investment operations:				
Net investment income .....	.183	.568 c	.875	.839
Net realized and unrealized gains (losses)	(.114)	(.927) c	(.606)	(.130)

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Total from investment operations .....	.069	(.359)	.269	.709
Less distributions from net investment income	(.209)	(.581)	(.879)	(.839)
Net asset value, end of period	\$8.16	\$8.30	\$9.24	\$9.85
Total return a .....	.75%	(3.95)%	2.80%	7.39%

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (000's)	\$1,291,302	\$1,779,930	\$2,832,188	\$2,541,497	\$1,100,000
Ratios to average net assets:					
Expenses	1.35% b	1.32%	1.36%	1.35%	
Expenses excluding waiver and payments by affiliate	1.35% b	1.32%	1.36%	1.35%	
Net investment income	4.64% b	6.58% c	9.07%	8.51%	
Portfolio turnover rate	15.72%	62.21%	84.15%	66.27%	66.27%

aTotal return does not reflect the contingent deferred sales charge and is not annualized for periods less than one year.

bAnnualized

cEffective August 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide of Investment Companies and began amortizing all premium and discount on fixed-income securities, as required. The effect of this change was as follows:

Net investment income per share	\$(.008)
Net realized and unrealized gains (losses) per share .....	.008
Ratio of net investment income to average net assets	(.07)%

Per share data and ratios for prior periods have not been restated to reflect this change in accounting policy.

dFor period October 10, 1997 (effective date) to July 31, 1998.

See notes to financial statements.

8

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED)

	PRINCIPAL AMOUNT a
BONDS 2.3%	
FINANCIAL CONGLOMERATES .5%	
Finova Group Inc., 7.50%, 11/15/09	\$ 17,086,000
HOSPITAL/NURSING MANAGEMENT .2%	
Genesis Health Ventures Inc., 6.38%, 4/02/07	3,326,596
WIRELESS COMMUNICATIONS 1.6%	

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Arch Wireless Inc.,		
Senior secured note, 10.00%, 5/15/07		11,231,661
Senior sub. note, PIK, 12.00%, 5/15/09		12,730,030
TOTAL BONDS (COST \$76,728,738)		
b SENIOR FLOATING RATE INTERESTS 77.7%		
ADVERTISING/MARKETING SERVICES .7%		
Adams Outdoor Advertising Inc., Term Loan B, 4.868 - 4.87%, 12/26/07		2,670,000
DIMAC Holdings,		
c Term Loan A, 7.25%, 12/31/05		2,092,640
c Term Loan B, 7.25%, 9/30/03		558,337
DIMAC Marketing Partners,		
c Revolver, 7.25%, 7/01/03		233,270
c Term Loan B, 7.25%, 1/01/05		1,366,068
Lamar Media Corp., Term Loan A, 3.375%, 3/01/06		6,493,145
AEROSPACE & DEFENSE 2.3%		
Aerostructures Corp., Term Loan, 5.59%, 11/05/08		1,000,000
Hexcel Corp., Term Loan B, 5.625 - 5.938%, 9/14/05		964,499
Integrated Defense Technology Inc., Term Loan B, 5.40 - 5.757%, 3/04/08 ..		8,977,472
Raytheon Aerospace LLC, Term Loan B, 5.40%, 6/29/07		3,491,198
Titan Corp., Term Loan B, 4.11 - 5.75%, 2/23/06		9,452,500
United Defense Industries Inc., Term Loan B, 3.60%, 8/13/09		816,504
Veridian Corp., Term Loan, 4.59 - 5.08%, 6/05/08		1,980,021
Vought Aircraft Industries, Term Loan X, 4.34%, 12/01/06		2,580,000
AGRICULTURAL COMMODITIES/MILLING .1%		
Hines Nurseries Inc., Term Loan B, 5.438%, 2/28/05		1,534,063
ALTERNATIVE POWER GENERATION .1%		
Headwaters Inc., Term Loan B, 5.91%, 9/12/07		1,872,581
APPAREL/FOOTWEAR .5%		
Levi Strauss & Co., Term Loan B, 7.25%, 7/31/06		6,000,000
St. John Knits Inc., Term Loan B, 4.375%, 7/31/07		758,707
AUTO PARTS: ORIGINAL EQUIPMENT MANUFACTURER 3.5%		
Dayco Products LLC, Term Loan B, 4.66 - 4.99%, 5/31/07		3,817,309
GenCorp Inc., Term Loan B, 5.188%, 3/28/07		1,995,000
Metaldyne, Term Loan D, 4.375%, 12/31/09		9,987,500

9

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

PRINCIPAL
AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
AUTO PARTS: ORIGINAL EQUIPMENT MANUFACTURER (CONT.)	
SPX Corp.,	
Term Loan B, 3.688%, 9/30/09	\$ 3,076,875
Term Loan C, 3.938%, 12/31/07	5,128,125
Tenneco Automotive Inc.,	
Term Loan B, 5.69%, 11/04/07	11,517,802
Term Loan C, 5.94%, 5/04/08	11,517,802
BROADCASTING 2.0%	
Benedek Broadcasting Corp., Term Loan B, 1.439%, 11/20/07	43,182
Comcorp Broadcasting, Term Loan, 11.75%, 3/31/03	3,185,651
Comcorp Holdings, Term Loan, 10.875 - 12.75%, 9/30/03	4,714,710
Cumulus Media Inc., Term Loan B, 4.375%, 3/28/10	500,000
Emmis Communications Corp., Term Loan A, 3.875%, 2/28/09	2,569,763
Emmis Operating Co., Term Loan B, 3.625%, 8/31/09	2,081,088
Quorum Broadcasting, Term Loan B, 5.90%, 9/30/07	8,118,407
Radio One Inc., Term Loan A, 2.67%, 6/30/07	3,000,000
Sinclair Broadcast Group Inc., Term Loan B, 3.625%, 12/31/09	1,000,000
White Knight Broadcasting, Term Loan B, 11.75%, 3/31/03	3,516,334
BUILDING PRODUCTS 1.3%	
Masonite International Corp., Term Loan C, 4.188%, 8/31/08	2,972,316
Tapco International,	
Term Loan B, 4.40%, 7/23/07	7,401,989
Term Loan C, 4.65%, 7/23/08	6,195,739
CABLE/SATELLITE TELEVISION 8.6%	
Century Cable (Adelphia),	
Discretionary Term Loan, 6.25%, 12/31/09	3,000,000
Term Loan, 6.25%, 6/30/09	1,000,000
Charter Communications CCVI,	
d Revolver, .50 - 2.89%, 5/12/08	875,000
Term Loan A, 2.87%, 5/12/08	1,125,000
Term Loan B, 3.87%, 11/12/08	17,500,000
Charter Communications CCVIII, Term Loan B, 4.13%, 2/02/08	2,885,221
Hughes Electronics, Term Loan, 5.86%, 8/31/03	12,000,000
Insight Midwest Holdings, Term Loan B, 4.563%, 12/31/09	10,000,000
MCC Iowa (Broadband), Term Loan B1, 4.06 - 4.11%, 9/12/10	3,000,000
Mediacom Illinois, Term Loan B, 3.84%, 12/31/08	4,987,500
Olympus Cable Holdings (Adelphia), Term Loan B, 6.25%, 9/30/10	2,000,000
PanAmSat Corp., Term Loan B, 4.84%, 12/31/08	13,000,000
Pegasus Media & Communications, Term Loan B, 5.313%, 4/30/05	12,652,723
Satelites Mexicanos, Term Loan C, 144A, 5.88%, 6/30/04	5,528,000
UCA-HHC (Adelphia), Term Loan B, 5.50%, 3/31/08	20,935,000
UPC Distribution Holdings BV, Term Loan C2, 6.88%, 3/31/09	11,500,000
Videotron Itee, Term Loan B, 4.159 - 4.17%, 12/01/09	8,682,052

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

10

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
CASINOS/GAMING 1.3%	
Ameristar Casinos Inc., Term Loan B, 4.125 - 4.188%, 12/20/06	\$ 3,369,847
Greektown Casinos LLC,	
Term Loan B, 5.125 - 5.188%, 11/16/04	3,423,429
Term Loan C, 5.188%, 11/16/04	1,496,224
Isle of Capri, Term Loan B, 3.90 - 3.92%, 3/26/08	992,500
Marina District Finance Co. Inc., Term Loan B, 5.40 - 5.76%, 12/31/07	3,000,000
Scientific Games Corp., Term Loan B, 4.85%, 12/10/08	5,000,000
CHEMICALS: SPECIALTY 1.5%	
Arteva B.V. (Kosa), Term Loan B, 4.65%, 12/31/06	3,706,258
FMC Corp., Term Loan B, 6.11%, 10/21/07	5,000,000
Geo Specialty Chemicals, Term Loan B, 7.00%, 12/31/07	1,000,000
Ineos Group Ltd., Term Loan C, 5.258%, 6/30/09	2,363,204
Noveon Inc., Term Loan B, 4.938 - 5.00%, 9/30/08	4,925,000
OM Group Inc., Term Loan C, 6.75%, 4/01/06	1,990,000
Sovereign Specialty Chemicals Inc., Term Loan B, 5.89 - 7.75%, 12/31/07 ..	1,000,000
COAL .9%	
Arch Western Resources LLC, Term Loan B, 4.35 - 4.85%, 4/18/08	12,000,000
COMMERCIAL PRINTING/FORMS 3.3%	
American Reprographics, Term Loan B, 5.14%, 4/10/08	16,046,675
Moore North America Inc., Term Loan B, 4.39 - 4.41%, 8/02/08	5,385,000
Vertis Inc.,	
Bridge Term Loan, 13.50%, 12/09/09	16,305,556
Term Loan B, 5.188 - 5.625%, 12/09/08	6,133,233
CONSUMER SUNDRIES .7%	
Church & Dwight Co., Term Loan B, 3.88%, 5/27/09	995,000
Playtex Products Inc.,	
d Revolver, .50 - 2.75%, 5/31/07	4,944,444
Term Loan C, 3.629 - 3.63%, 5/31/09	1,492,500
United Industries Corp., Term Loan B, 5.34%, 1/20/06	997,421
CONTAINERS/PACKAGING 3.0%	
Berry Plastics, Term Loan, 4.634%, 7/22/10	992,506
Constar International Inc., Term Loan B, 6.50%, 11/20/09	4,987,500

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Graham Packaging Co.,	
Term Loan B, 3.75%, 1/31/06	1,936,440
Term Loan C, 3.938%, 1/31/07	1,604,479
Term Loan D, 4.00 - 4.188%, 1/31/07	8,293,086
Greif Brothers Corp., Term Loan B, 3.59%, 8/15/09	995,000

11

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
CONTAINERS/PACKAGING (CONT.)	
Impress Metal, Term Loan G, 4.644%, 12/31/06	\$ 3,428,042
Owens-Illinois Group Inc., Term Loan, 3.39%, 3/31/04	4,572,187
Stone Container Corp.,	
Term Loan B, 3.875%, 7/25/09	5,846,154
Term Loan C, 3.875%, 7/25/09	2,153,846
Tekni-Plex Inc., Term Loan B, 4.875%, 6/21/08	4,875,000
 DISCOUNT STORES .4%	
Kmart Corp., DIP, 1.38%, 7/07/04	5,750,000
 DRUG STORE CHAINS .6%	
Rite Aid Corp., Term Loan, 5.188%, 3/15/05	7,340,309
 ELECTRIC UTILITIES 2.8%	
AES New York Funding LLC, Term Loan, 6.188%, 2/28/05	8,250,000
Calpine Corp., Term Loan B, 5.188%, 3/08/04	5,495,649
Consumers Energy Co., Term Loan, 5.89 - 6.324%, 7/11/04	1,000,000
Michigan Electric Transmission Co. LLC, Term Loan, 3.84%, 5/01/07	990,013
Mission Energy Holding,	
Term Loan A, 8.88%, 6/30/06	1,298,701
Term Loan B, 8.88%, 6/30/06	3,701,299
Pike Electric Inc., Term Loan, 4.625%, 4/17/10	2,534,094
Southern California Edison Co.,	
Term Loan A, 4.313%, 3/03/03	1,500,000
Term Loan B, 4.813%, 3/01/05	15,000,000
Westar Energy Inc., Term Loan, 4.38%, 6/05/05	1,996,581
 ELECTRICAL PRODUCTS .2%	
Rayovac Corp., Term Loan B, 5.12 - 5.15%, 10/01/09	2,735,000
 ELECTRONIC COMPONENTS .2%	
Seagate Technology HDD Holdings, Term Loan B, 3.375%, 5/13/07	2,132,186
Seagate Technology (US) Holdings, Term Loan B, 3.375%, 5/13/07	852,815

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

ELECTRONIC EQUIPMENT/INSTRUMENTS .2%	
Neptune Technology Group Inc., Term Loan B, 4.89%, 11/01/08	2,846,310
ELECTRONICS/APPLIANCES .4%	
Alliance Laundry Systems LLC, Term Loan, 4.88 - 6.75%, 7/31/09	4,740,933
ENGINEERING & CONSTRUCTION .7%	
Brand Services Inc., Term Loan B, 5.41%, 10/16/09	1,000,000
URS Corp., Term Loan B, 4.84%, 8/22/08	3,990,000
Washington Group International (Morrison Knudsen), Synthetic Term Loan, 1.24%, 7/23/04	4,500,000

12

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
ENVIRONMENTAL SERVICES 1.3%	
Allied Waste Industries Inc., Term Loan B, 4.188%, 7/30/06	\$ 6,450,057
Term Loan C, 4.438%, 7/30/07	7,740,071
Casella Waste Systems Inc., Term Loan B, 4.625%, 1/24/09	1,000,000
Mactec Inc., Term Loan B, 5.688%, 2/22/08	1,947,222
FINANCIAL CONGLOMERATES .4%	
e Ares IV, Term Loan D, 144A, 7.40%, 12/22/12	1,400,000
e Centurion II, Tranche D, 144A, 7.40%, 11/12/12	2,500,000
e Clydesdale CLO, Tranche D, 144A, 7.864%, 3/22/13	2,000,000
e First Dominion Funding II, sub. floating rate deb., Series A-D, 144A, 7.003%, 4/25/14	3,000,000
e Highland Legacy CLO I, Term Loan D, 144A, 7.957%, 6/01/11	2,000,000
FOOD DISTRIBUTORS .1%	
Fleming Companies Inc., Term Loan, 4.625%, 6/18/08	762,665
FOOD RETAIL .1%	
Gate Gourmet LLC, Term Loan B, 9.50%, 12/21/07	1,000,000
FOOD: MAJOR DIVERSIFIED 1.2%	
Birds Eye Foods Inc., Term Loan B, 4.34 - 4.77%, 8/08/08	7,980,000
Del Monte Corp., Term Loan B, 5.11 - 5.15%, 12/20/10	1,000,000

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

International Multifoods, Term Loan B, 4.34 - 4.42%, 2/28/08	1,326,907
Merisant Corp., Term Loan B, 4.65%, 3/17/07	962,212
Nutrasweet,	
Second Lien Term Loan, 6.50%, 5/24/09	3,000,000
Term Loan B, 4.625%, 5/24/07	997,054
FOOD: MEAT/FISH/DAIRY .4%	
American Seafoods, Term Loan B, 4.65 - 6.50%, 4/15/09	1,467,277
Suiza Foods Corp., Term Loan B, 3.65%, 12/21/08	2,961,912
Swift & Co., Term Loan B, 4.96 - 6.50%, 9/19/08	997,500
FOOD: SPECIALTY/CANDY .2%	
Otis Spunkmeyer Inc., Term Loan B, 5.619%, 2/20/09	1,977,273
HOME FURNISHINGS .1%	
Aero Products International, Term Loan, 5.90%, 12/16/08	970,874
HOSPITAL/NURSING MANAGEMENT 1.4%	
Genesis Health Ventures Inc., Term Loan B, 4.88 - 4.90%, 3/30/07	5,460,217
Iasis Healthcare Corp.,	
Term Loan A, 4.88%, 9/30/04	7,448,718
Term Loan B, 5.63%, 9/30/06	1,829,765

13

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
HOSPITAL/NURSING MANAGEMENT (CONT.)	
Triad Hospitals Inc., Term Loan B, 4.34%, 9/30/08	\$ 986,364
Vanguard Health Systems Inc., Term Loan B, 4.40%, 1/03/10	2,000,000
HOTEL/RESORTS/CRUISELINES 3.0%	
Extended Stay America Inc., Term Loan B, 4.34%, 7/01/07	8,591,216
Wyndham International Inc.,	
Increasing Rate Note, 6.188%, 6/05/03	16,243,131
d Revolver, 2.00 - 5.188%, 6/30/05	9,482,804
Term Loan B, 6.188%, 6/30/04	12,111,784
INDUSTRIAL MACHINERY .6%	
Blount International Inc., Term Loan B, 5.84%, 6/30/06	2,251,494

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Flowserve Corp., Term Loan C, 4.188%, 6/30/09	1,595,354
Gleason Corp., Term Loan B, 5.125 - 5.50%, 2/18/08	4,468,311
INDUSTRIAL SPECIALTIES .4%	
SC Johnson Commercial Markets, Term Loan B, 5.186%, 11/03/09	5,000,000
MAJOR TELECOMMUNICATIONS 1.6%	
Alec Holdings Inc.,	
Term Loan B, 4.875%, 11/04/07	2,605,263
Term Loan C, 4.625%, 5/14/08	2,344,737
c E.Spire Communications, Term Loan C, 8.25%, 8/01/06	16,877,867
GCI Holdings Inc., Term Loan, 7.91%, 10/30/04	2,000,000
McLeod USA Inc., Term Loan B, 6.09%, 5/31/08	6,394,639
c Northpoint Communications Group Inc., Term Loan, 7.75%, 3/31/04	7,545,010
c WCI Capital Corp., Term Loan B, 9.75%, 3/31/07	30,500,000
c Winstar Communications Inc., DIP, 7.25%, 12/30/03	5,035,549
d Worldcom Inc., DIP, 3.50%, 7/23/04	10,000,000
MANAGED HEALTH CARE .1%	
Pacificare Health Systems Inc., Term Loan, 6.34%, 1/03/05	1,460,325
MARINE SHIPPING .7%	
Great Lakes Transportation LLC, Term Loan, 5.375 - 5.438%, 3/23/08	6,620,341
Ingram Industries Inc., Term Loan B, 3.88 - 4.207%, 7/02/08	1,683,650
United States Shipping LLC, Term Loan, 4.643 - 5.007%, 9/16/08	959,615
MEDIA CONGLOMERATES 1.6%	
Bridge Information Systems Inc.,	
c Multi Draw Term Loan, 7.00%, 5/29/03	487,662
c Revolver, 6.75%, 5/29/03	8,706
c Term Loan A, 7.00%, 5/29/03	483,643
c Term Loan B, 6.25%, 5/29/05	14,685,421

14

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
MEDIA CONGLOMERATES (CONT.)	
Canwest Media Inc.,	
Term Loan B, 4.90%, 5/15/08	\$ 7,719,200
Term Loan C, 5.15%, 5/15/09	4,823,317
PEI Holdings, Term Loan B, 5.67 - 5.678%, 3/15/06	6,640,381

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

MEDICAL SPECIALTIES .3%	
PerkinElmer Inc., Term Loan B, 5.35%, 12/26/08	4,000,000
MEDICAL/NURSING SERVICES 1.2%	
Alliance Imaging Inc., Term Loan C, 3.75 - 4.25%, 11/30/08	1,373,313
DaVita Inc., Term Loan B, 4.353 - 4.822%, 3/31/09	9,408,632
Team Health Inc., Term Loan B, 4.688%, 10/31/08	5,000,000
MILITARY/GOVERNMENT/TECHNICAL .7%	
DigitalNet Inc., Term Loan, 5.83%, 12/10/07	1,000,000
DRS Technologies Inc., Term Loan, 4.59 - 4.72%, 9/28/08	2,468,772
U.S. Investigations Services Inc., Term Loan, 7.25%, 1/02/08	6,000,000
MISCELLANEOUS COMMERCIAL SERVICES 2.1%	
Burhmann N.V., Term Loan B, 5.659%, 10/26/07 (Netherlands)	12,722,514
Corrections Corp. of America, Term Loan B, 4.85 - 4.92%, 10/31/08	12,377,557
Iron Mountain Inc., Term Loan B, 3.625 - 4.031%, 2/15/08	499,500
Wackenhut Corrections Corp., Term Loan B, 6.00%, 12/10/08	1,000,000
MISCELLANEOUS MANUFACTURING .9%	
General Cable Corp., Term Loan B, 6.375%, 5/27/07	194,253
Mueller Group, Term Loan E, 4.09 - 4.51%, 5/31/08	7,950,025
Rexnord Corp., Term Loan, 5.40%, 11/18/09	2,000,000
Sanmina-Sci Corp., Term Loan B, 5.438%, 12/12/07	2,000,000
MOVIES/ENTERTAINMENT 6.7%	
d AMC Entertainment Inc., Revolver, .50 - 1.50%, 4/10/04	4,000,000
Carmike Cinemas Inc., Term Loan, 7.75%, 1/31/07	1,883,791
CH Operating LLC, Term Loan B, 5.875 - 5.938%, 6/21/07	4,258,621
Fitness Holdings Worldwide,	
Term Loan B, 6.188 - 6.25%, 11/02/06	4,544,667
Term Loan C, 6.438 - 6.50%, 11/02/07	9,381,648
Hollywood Entertainment Corp., Term Loan, 4.87 - 4.89%, 3/31/08	3,000,000
Hoops LP (Memphis Grizzlies), Term Loan A, 4.875%, 6/12/06	5,000,000
Loews Cineplex Entertainment Corp., Term Loan A, 4.875%, 2/28/08	27,480,951
Metro-Goldwyn-Mayer Inc.,	
Term Loan A, 4.14%, 6/30/07	8,000,000
Term Loan B, 4.39%, 6/30/08	4,000,000
New Orleans Hornets NBA LP, Term Loan A, 4.625%, 6/30/04	1,000,000
Phoenix Suns, Term Loan B, 4.111%, 3/31/05	12,000,000

15

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
MOVIES/ENTERTAINMENT (CONT.)	
Regal Cinemas Inc., Term Loan C, 4.188%, 12/31/07	\$ 950,000
Washington Football Group, Term Loan A, 4.324%, 10/07/07	2,500,000
OFFICE EQUIPMENT/SUPPLIES .6%	
Imagistics International Inc., Term Loan B, 4.188%, 11/09/07	7,785,537
OIL REFINING/MARKETING .6%	
Pacific Energy Group LLC, Term Loan B, 4.099%, 7/26/09	3,000,000
Tesoro Petroleum Corp., Term Loan B, 7.50%, 9/30/07	4,449,734
OILFIELD SERVICES/EQUIPMENT .4%	
Veritas DGC Inc., Term Loan B, 8.00%, 2/07/07	5,000,000
OTHER CONSUMER SERVICES .6%	
Sotheby's Holdings Inc., Term Loan B, 5.21%, 2/11/03	7,692,308
OTHER CONSUMER SPECIALTIES .2%	
Herbalife International Inc., Term Loan, 5.77%, 7/31/08	2,500,000
OTHER METALS/MINERALS .3%	
Better Minerals & Aggregates, Term Loan B, 5.875 - 7.75%, 9/30/07	4,710,526
OTHER TRANSPORTATION .8%	
Eurotunnel Finance Ltd., Tier 1 Jr Debt, 7.03%, 7/01/25 (United Kingdom) .	6,167,225 G
Transcore Holdings Inc., Term Loan B, 5.09 - 7.00%, 10/31/06	1,995,000
PHARMACEUTICALS: GENERIC .1%	
Alpharma Operating Corp., Term Loan B, 4.65 - 5.00%, 10/05/08	1,244,174
PROPERTY-CASUALTY INSURANCE 1.0%	
White Mountains Insurance Group Inc., Term Loan B, 4.40%, 3/31/07	12,524,390
PUBLISHING: BOOKS/MAGAZINES 2.0%	
Advanstar Communications,	
Term Loan A, 4.59%, 4/11/07	2,942,825
Term Loan B, 5.43%, 10/11/07	2,000,000
American Media Inc., Term Loan C, 4.15 - 4.50%, 4/01/07	976,448
BAI Finance LP, Term Loan C, 5.688%, 11/28/09	3,000,000
F&W Publications Inc., Term Loan B, 5.44%, 12/31/09	1,983,333
Primedia Inc., Term Loan B, 4.125 - 4.625%, 6/30/09	584,660
R.H. Donnelley Corp., Term Loan B, 5.34%, 6/30/10	5,000,000
Readers Digest Association Inc., Term Loan B, 3.70 - 4.00%, 5/20/08	477,550
Weekly Reader, Term Loan B, 5.36 - 5.40%, 11/08/06	4,738,776
Yellow Book USA,	
Term Loan C, 4.84%, 3/31/10	1,990,000
Term Loan D, 4.34%, 3/31/09	2,000,000

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

PUBLISHING: NEWSPAPERS .1%
 First DT Holdings Ltd. (Hollinger), Term Loan B, 4.688%, 9/30/09 1,500,000

16

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
PULP & PAPER 1.8%	
Alabama Pine & Pulp,	
c PIK Term Loan B, 5.34%, 6/30/05	\$ 3,894,619
PIK Term Loan C, 10.75%, 6/30/05	6,247,202
Revolver, 10.34%, 6/30/03	5,000,000
c Term Loan A, 5.34%, 6/30/03	37,105,162
MDCP Acquisitions I,	
Term Loan B, 4.139%, 9/12/10	1,000,000
Term Loan C, 4.639%, 9/12/11	1,000,000
 RAILROADS .9%	
DM&E Railroad, Term Loan, 8.00%, 6/30/08	2,970,000
Helm Holding Corp., Term Loan B, 5.103 - 5.176%, 10/18/06	2,870,779
RailAmerica Transportation Corp., Term Loan B, 3.938 - 4.00%, 5/21/09	2,500,000
Trinity Industries Inc., Term Loan, 4.656 - 4.969%, 6/07/07	2,985,000
 REAL ESTATE INVESTMENT TRUSTS .5%	
Aimco, Term Loan, 3.96%, 2/06/04	1,719,996
Macerich Partnership LP, Term Loan B, 4.78%, 7/09/09	389,582
Newkirk Master LP, Term Loan, 8.50%, 1/30/05	4,666,933
 RENTAL/LEASING COMPANIES 1.9%	
Ashtead Group, Term Loan B, 4.398%, 6/30/07	17,443,861
d Rent-A-Center Inc., Revolver, .25 - 1.25%, 7/31/04	1,984,654
Rent-Way Inc., Term Loan B, 7.40%, 9/30/06	4,946,547
United Rentals Inc., Term Loan B, 4.35 - 5.10%, 9/30/07	1,336,504
 RESTAURANTS .3%	
Dominos Inc., Term Loan B, 3.90%, 7/26/08	992,506
Jack in the Box Inc., Term Loan B, 4.61%, 7/24/07	1,000,000
O'Charleys Inc., Term Loan B, 5.34%, 1/15/09	1,000,000

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

SEMICONDUCTORS .5%	
ON Semiconductor Corp.,	
Term Loan A, 5.438%, 8/04/05	47,188
Term Loan B, 5.438%, 8/04/06	2,534,622
Term Loan C, 5.438%, 8/04/07	2,858,384
Term Loan D, 5.438%, 8/04/07	1,864,724
SERVICES TO THE HEALTH INDUSTRY .4%	
Accredo Health Inc., Term Loan B, 4.12%, 4/15/09	992,500
NDC Health Corp., Term Loan B, 5.47%, 11/30/08	4,000,000

17

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	PRINCIPAL AMOUNT a

b SENIOR FLOATING RATE INTERESTS (CONT.)	
SPECIALTY STORES .2%	
PETCO Animal Supplies Inc., Term Loan C, 4.34 - 4.38%, 10/02/08	\$ 2,984,496
SPECIALTY TELECOMMUNICATIONS .3%	
c Global Crossing Holdings Ltd., Term Loan B, 8.25%, 8/15/06	2,477,298
c Pacific Crossing Ltd., Term Loan B, 5.50%, 7/28/06	21,312,525
RCN Corp., Term Loan B, 7.00%, 6/03/07	3,701,027
STEEL .5%	
LTV Corp., Term Loan, 5.985%, 10/31/04	9,376,333
TOBACCO .4%	
Commonwealth Brands Inc., Term Loan, 5.375%, 8/22/07	4,708,333
TRUCKING .1%	
Flexi-Van Leasing Inc., Term Loan B, 4.31 - 4.82%, 9/20/07	997,500
TRUCKS/CONSTRUCTION/FARM MACHINERY .1%	
Terex Corp., Incremental Term Loan, 3.90%, 12/31/09	997,500
WATER UTILITIES .2%	
National Waterworks Inc., Term Loan B, 6.50%, 11/27/09	2,000,000
WHOLESALE DISTRIBUTORS .6%	
Amscan Holdings Inc., Term Loan, 5.87%, 6/20/07	1,000,000
Wilmar Industries Inc., Term Loan B, 5.36%, 9/27/07	7,331,250

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

WIRELESS COMMUNICATIONS 1.9%	
c Cricket Communications Inc., Term Loan, 6.375%, 6/30/07	10,000,000
Nextel Communications Inc., Term Loan D, 4.438%, 3/31/09	5,000,000
Nextel Operations Inc.,	
Leveraged Lease I, 6.125%, 3/15/05	2,466,962
Leveraged Lease II, 4.65%, 2/08/07	10,862,664
Nextel Partners Inc., Term Loan C, 5.70%, 7/29/08	5,000,000
Sygnel Wireless Inc., Term Loan C, 5.13%, 12/23/07	1,646,602

TOTAL SENIOR FLOATING RATE INTERESTS (COST \$1,147,008,451)

	SHARES

COMMON STOCKS AND WARRANTS .3%	
ADVERTISING/MARKETING SERVICES	
f DIMAC Holdings Inc., wts., 2/20/49	4,109
AUTO PARTS: O.E.M.	
f Exide Technologies., wts., 3/18/06	74,278
COMMERCIAL PRINTING/FORMS	
f Vertis Holdings Inc., wts., 6/30/11	39,812
MEDICAL/NURSING SERVICES	
e,f Rotech Medical Corp.	26,267

18

FRANKLIN FLOATING RATE TRUST

STATEMENT OF INVESTMENTS, JANUARY 31, 2003 (UNAUDITED) (CONT.)

	SHARES

COMMON STOCKS AND WARRANTS (CONT.)	
PACKAGED SOFTWARE	
e,f Rivus Internet Group Inc.	72,960
WIRELESS COMMUNICATIONS .3%	
f,g Arch Wireless Inc.	1,908,741
f Teligent Inc.	460
TOTAL COMMON STOCKS AND WARRANTS (COST \$30,610,412)	
PREFERRED STOCKS	
ADVERTISING/MARKETING SERVICES	
f DIMAC Holdings, 20% PIK pfd.	4,109
TOTAL PREFERRED STOCKS	

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

CONVERTIBLE PREFERRED STOCKS (COST \$1,232,448) .1%	
MEDICAL/NURSING SERVICES .1%	
Genesis Health Ventures Inc., 6.00%, cvt. pfd.	12,576
TOTAL CONVERTIBLE PREFERRED STOCKS	
TOTAL LONG TERM INVESTMENTS (COST \$1,255,580,049)	
SHORT TERM INVESTMENTS (COST \$225,849,310) 17.5%	
h Franklin Institutional Fiduciary Trust Money Market Portfolio	225,849,310
TOTAL INVESTMENTS (COST \$1,481,429,359) 97.9%	
OTHER ASSETS, LESS LIABILITIES 2.1%	
NET ASSETS 100.0%	

CURRENCY ABBREVIATION:

GBP - British Pounds

aThe principal amount is stated in U.S. dollars unless otherwise indicated.
bSenior secured corporate loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR).

cSee Note 9 regarding defaulted securities.

dSee Note 1(h) regarding unfunded loan commitments.

eSee Note 10 regarding restricted securities.

fNon-income producing

gSee Note 11 regarding Holdings of 5% Voting Securities.

hSee Note 8 regarding investments in the Franklin Institutional Fiduciary Trust Money Market Portfolio.

See notes to financial statements.

19

FRANKLIN FLOATING RATE TRUST

Financial Statements

STATEMENT OF ASSETS AND LIABILITIES
JANUARY 31, 2003 (UNAUDITED)

Assets:

Investments in securities:

Cost - Unaffiliated issuers	\$1,451,203,170
Cost - Non-controlled affiliated issuers	30,226,189
	=====
Value - Unaffiliated issuers	1,260,289,493
Value - Non-controlled affiliated issuers	4,275,580

Receivables:

Investment securities sold	62,879,358
Capital shares sold	492,220
Interest	9,054,299
Other assets	126,974

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Total assets	1,337,117,924
<hr/>	
Liabilities:	
Payables:	
Investment securities purchased	10,914,481
Affiliates	1,374,099
Shareholders	1,216,917
Distributions to shareholders	2,254,543
Funds advanced by custodian	2,063,377
Unfunded loan commitments (Note 1)	27,593,781
Other liabilities	398,621
<hr/>	
Total liabilities	45,815,819
<hr/>	
Net assets, at value	\$1,291,302,105
<hr/>	
Net assets consist of:	
Undistributed net investment income	(5,982,571)
Net unrealized appreciation (depreciation)	(216,493,312)
Accumulated net realized gain (loss)	(267,297,931)
Capital shares	1,781,075,919
<hr/>	
Net assets, at value	\$1,291,302,105
<hr/>	
Net asset value and maximum offering price per share (\$1,291,302,105 [DIVIDE] 158,294,301 shares outstanding) a	\$8.16
<hr/>	

aRedemption price is equal to net asset value less any applicable contingent deferred sales charge.

See notes to financial statements.

20

FRANKLIN FLOATING RATE TRUST
Financial Statements (CONTINUED)

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JANUARY 31, 2003 (UNAUDITED)

Investment income:

Dividends	\$ 1,612,247
Interest	44,538,933
<hr/>	
Total investment income	46,151,180
<hr/>	

Expenses:

Management fees (Note 5)	5,765,589
Administrative fees (Note 5)	868,493
Transfer agent fees (Note 5)	3,086,027
Custodian fees	7,742

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Reports to shareholders	52,548
Registration and filing fees	58,022
Professional fees	174,329
Trustees' fees and expenses	2,057
Amortization of organization costs (Note 1)	4,672
Other	384,720

Total expenses	10,404,199

Net investment income	35,746,981

Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments	(137,297,526)
Foreign currency transactions	130,890

Net realized gain (loss)	(137,166,636)
Net unrealized appreciation (depreciation) on:	
Investments	109,794,641
Translation of assets and liabilities denominated in foreign currencies .	272,585

Net unrealized appreciation (depreciation)	110,067,226

Net realized and unrealized gain (loss)	(27,099,410)

Net increase (decrease) in net assets resulting from operations	\$ 8,647,571
	=====

See notes to financial statements.

21

FRANKLIN FLOATING RATE TRUST
Financial Statements (CONTINUED)

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED JANUARY 31, 2003 (UNAUDITED)
AND THE YEAR ENDED JULY 31, 2002

	SIX MONTHS ENDED JANUARY 31, 2003

Increase (decrease) in net assets:	
Operations:	
Net investment income	\$ 35,746,981
Net realized gain (loss) from investments and foreign currency transactions	(137,166,636)
Net unrealized appreciation (depreciation) on investments and translation of assets and liabilities denominated in foreign currencies	110,067,226

Net increase (decrease) in net assets resulting from operations	8,647,571
Distributions to shareholders from net investment income	(39,185,955)
Capital share transactions (Note 2)	(458,089,940)

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Net increase (decrease) in net assets	(488,628,324)
Net assets:	
Beginning of period	1,779,930,429
End of period	\$1,291,302,105
Undistributed net investment income included in net assets:	
End of period	\$ (5,982,571)

See notes to financial statements.

22

FRANKLIN FLOATING RATE TRUST

Notes to Financial Statements (unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Franklin Floating Rate Trust (the Fund) is registered under the Investment Company Act of 1940 as a non-diversified, closed-end, continuously offered investment company. The Fund seeks current income and preservation of capital. The following summarizes the Fund's significant accounting policies.

A. SECURITY VALUATION:

The Fund invests primarily in senior secured corporate loans and senior secured debt that meet credit standards established by Franklin Advisers Inc. The Fund values its securities based on quotations provided by banks, broker/dealers or pricing services experienced in such matters. Restricted securities and securities for which market quotations are not readily available are valued at fair value as determined by management in accordance with procedures established by the Board of Trustees.

B. FOREIGN CURRENCY TRANSLATION:

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments.

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 and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollars equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

C. SECURITIES PURCHASED ON A WHEN-ISSUED OR DELAYED DELIVERY BASIS

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

The Fund may purchase securities on a when-issued or delayed delivery basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of holding the securities, it may sell the securities before the settlement date.

D. INCOME TAXES:

No provision has been made for income taxes because the Fund's policy is to qualify as a regulated investment company under the Internal Revenue Code and to distribute substantially all of its taxable income.

E. SECURITY TRANSACTIONS, INVESTMENT INCOME, EXPENSES AND DISTRIBUTIONS:

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Discounts and premiums on securities purchased are amortized over the lives of the respective securities. Facility fees are recognized as income over the expected term of the loan. Dividend income and distributions to shareholders are recorded on the ex-dividend date.

23

FRANKLIN FLOATING RATE TRUST

Notes to Financial Statements (unaudited) (CONTINUED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. ORGANIZATION COSTS:

Organization costs are amortized on a straight-line basis over five years.

G. ACCOUNTING ESTIMATES:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

H. UNFUNDED LOAN COMMITMENTS:

The Fund may enter into certain credit agreements, all or a portion of which may be unfunded. The Fund is obligated to fund these loan commitments at the borrowers' discretion. These commitments are disclosed in the accompanying Statement of Investments and Statement of Assets and Liabilities.

2. SHARES OF BENEFICIAL INTEREST

At January 31, 2003, there were an unlimited number of shares authorized (\$.01 par value). Transactions in the Fund's shares were as follows:

SIX MONTHS ENDED
JANUARY 31, 2003

JU

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

	SHARES	AMOUNT	SHARES
Shares sold	2,042,316	\$ 16,657,295	28,062,18
Shares issued in reinvestment of distributions	3,069,722	24,916,463	11,096,66
Shares redeemed	(61,365,007)	(499,663,698)	(131,170,49
Net increase (decrease)	(56,252,969)	\$ (458,089,940)	(92,011,64

3. TENDER OF SHARES

On a quarterly basis, the Fund may make tender offers, the amount of which is determined by the Board of Trustees, for the repurchase of at least 5% but not more than 25% of the shares outstanding. The repurchase price is the net asset value on the tender offer expiration date.

24

FRANKLIN FLOATING RATE TRUST

Notes to Financial Statements (unaudited) (CONTINUED)

4. REVOLVING CREDIT FACILITY

The Fund participates in a \$200 million senior unsecured revolving credit facility to fund shareholder redemptions or meet unfunded loan commitments. The facility agreement ends on December 19, 2003. Interest is charged at the Federal Funds Rate plus .50%. Facility fees paid are amortized on a straight line basis over the term of the commitment. Annual commitment fees of .09% are charged on the unused portion of the facility and allocated among the participating funds based on net assets.

During the period ended January 31, 2003, the Fund did not utilize the facility.

5. TRANSACTIONS WITH AFFILIATES

Certain officers and trustees of the Fund are also officers and/or directors of the following entities:

ENTITY	AFFILIATION
Franklin Advisers Inc. (Advisers)	Investment manager
Franklin Templeton Services LLC (FT Services)	Administrative manager
Franklin/Templeton Distributors Inc. (Distributors)	Principal underwriter
Franklin/Templeton Investor Services LLC (Investor Services)	Transfer agent

The Fund pays an investment management fee to Advisers of .80% per year of the average daily net assets of the Fund.

The Fund pays an administrative fee to FT Services based on the average net assets of the Fund as follows:

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

ANNUALIZED

FEE RATE	AVERAGE DAILY NET ASSETS
.150%	First \$200 million
.135%	Over \$200 million, up to and including \$700 million
.100%	Over \$700 million, up to and including \$1.2 billion
.075%	In excess of \$1.2 billion

Distributors received contingent deferred sales charges for the period of \$128,540.

The Fund pays a transfer agent fee to Investor Services of .40% per year of the average daily net assets of the Fund.

6. INCOME TAXES

At January 31, 2003, the net unrealized appreciation (depreciation) based on the cost of investments for income tax purposes of \$1,488,406,674 was as follows:

Unrealized appreciation	\$ 7,786,524
Unrealized depreciation	(231,628,125)

Net unrealized appreciation (depreciation)	\$ (223,841,601)
	=====

25

FRANKLIN FLOATING RATE TRUST

Notes to Financial Statements (unaudited) (CONTINUED)

6. INCOME TAXES (CONT.)

At July 31, 2002, the Fund had tax basis capital losses of \$2,115,134, which may be carried over to offset future capital gains. Such losses expire in 2009.

At July 31, 2002, the Fund has deferred capital losses occurring subsequent to October 31, 2001 of \$127,009,562. For tax purposes, such losses will be reflected in the year ending July 31, 2003.

Net investment income differs for financial statement and tax purposes primarily due to differing treatments of defaulted securities, foreign currency transactions, and bond premiums.

Net realized capital gains (losses) differ for financial statement and tax purposes primarily due to differing treatment of wash sales, foreign currency transactions, and bond premiums.

7. INVESTMENT TRANSACTIONS

Purchases and sales of securities (excluding short-term securities) for the period ended January 31, 2003 aggregated \$205,224,916 and \$672,789,803, respectively.

8. INVESTMENTS IN FRANKLIN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

The Fund may invest in the Franklin Institutional Fiduciary Trust Money Market Portfolio (the Sweep Money Fund), an open-end investment company managed by Advisers. Management fees paid by the Fund are reduced on assets invested in the Sweep Money Fund, in an amount not to exceed the management fees paid by the Sweep Money Fund. The Fund earned \$1,612,247 of dividend income from investment in the Sweep Money Fund.

9. CREDIT RISK AND DEFAULTED SECURITIES

The Fund has 95.64% of its portfolio invested in below investment grade and comparable quality unrated high yield securities, which tend to be more sensitive to economic conditions than higher rated securities. At January 31, 2003, the Fund held defaulted securities with a value aggregating \$23,514,993 representing 1.82% of the Fund's net assets. For information as to specific securities, see the accompanying Statement of Investments.

For financial reporting purposes, the Fund discontinues accruing income on defaulted bonds and those bonds for which the income is deemed uncollectible and provides an estimate for losses on interest receivable.

26

FRANKLIN FLOATING RATE TRUST

Notes to Financial Statements (CONTINUED)

10. RESTRICTED SECURITIES

At January 31, 2003, investments in securities included issues that are restricted or illiquid. Restricted securities are often purchased in private placement transactions, are not registered under the Securities Act of 1933, may have contractual restrictions on resale, and are valued under methods approved by the Board of Trustees as reflecting fair value. A security may also be considered illiquid if it lacks a readily available market or if its valuation has not changed for a certain period of time. At January 31, 2003, the Fund held investments in restricted and illiquid securities that were valued under approved methods by the Trustees, as follows:

PRINCIPAL AMOUNT/SHARES	ISSUER	ACQUISITION DATE	COST
\$1,400,000	Ares IV, Term Loan D, 144A, 7.40%, 12/22/12	11/14/00	\$1,400,000
\$2,500,000	Centurion II, Tranche D, 144A, 7.40%, 11/12/12	11/07/00	2,500,000
\$2,000,000	Clydesdale CLO, Tranche D, 144A, 7.864%, 3/22/13	5/23/01	1,889,670
\$3,000,000	First Dominion Funding II, sub. floating rate deb., Series A-D, 7.003%, 4/25/14	5/03/99	2,991,550
\$2,000,000	Highland Legacy CLO I, Term Loan D, 144A, 7.957%, 6/01/11	8/18/99	1,981,600
72,960	Rivus Internet Group Inc.	5/10/00	18,240
26,267	Rotech Medical Corp.	3/26/02	105,060
TOTAL RESTRICTED SECURITIES (.44% OF NET ASSETS)			

11. HOLDING OF 5% VOTING SECURITIES OF PORTFOLIO COMPANIES

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

The Investment Company Act of 1940 defines "affiliated companies" to include investments in portfolio companies in which the Fund owns 5% or more of the outstanding voting securities. Investments in "affiliated companies" at January 31, 2003 were as shown below.

NAME OF ISSUER	NUMBER OF SHARES		GROSS ADDITIONS	GROSS REDUCTIONS	NUMBER OF SHARES		VALUE AT END OF PERIOD
	HELD AT BEGINNING OF PERIOD				HELD AT END OF PERIOD		
Arch Wireless Inc.	1,618,619		290,122	--	1,908,741		\$4,275,580

27

This page intentionally left blank.

LITERATURE REQUEST

For a brochure and prospectus, which contain more complete information, including charges and expenses, call Franklin Templeton Investments at 1-800/DIAL BEN (R) (1-800/342-5236). Please read the prospectus carefully before investing or sending money. To ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be determined by the presence of a regular beeping tone.

FRANKLIN TEMPLETON INVESTMENTS

GLOBAL GROWTH

- Franklin Global Aggressive Growth Fund
- Franklin Global Growth Fund
- Franklin Global Health Care Fund
- Mutual Discovery Fund
- Templeton Developing Markets Trust
- Templeton Foreign Fund
- Templeton Foreign Smaller Companies Fund
- Templeton Global Opportunities Trust
- Templeton Global Smaller Companies Fund
- Templeton Growth Fund
- Templeton International (Ex EM) Fund
- Templeton World Fund

GLOBAL GROWTH & INCOME

- Franklin Global Communications Fund
- Mutual European Fund
- Templeton Global Bond Fund

GLOBAL INCOME

- Franklin Templeton Hard

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Currency Fund

GROWTH

Franklin Aggressive Growth Fund
Franklin Biotechnology
Discovery Fund
Franklin Blue Chip Fund
Franklin Capital Growth Fund 1
Franklin DynaTech Fund
Franklin Flex Cap Growth Fund 2
Franklin Gold and Precious
Metals Fund
Franklin Growth Fund
Franklin Large Cap Growth Fund
Franklin Small-Mid Cap
Growth Fund
Franklin Technology Fund
Franklin U.S. Long-Short Fund 3

GROWTH & INCOME

Franklin Balance Sheet Investment Fund 4
Franklin Convertible
Securities Fund
Franklin Equity Income Fund
Franklin Income Fund
Franklin Large Cap Value Fund
Franklin MicroCap Value Fund 4
Franklin Natural Resources Fund
Franklin Real Estate
Securities Fund
Franklin Rising Dividends Fund
Franklin Small Cap Value Fund
Franklin Utilities Fund
Mutual Beacon Fund
Mutual Financial Services Fund
Mutual Qualified Fund
Mutual Shares Fund

FUND ALLOCATOR SERIES

Franklin Templeton Conservative Target Fund
Franklin Templeton Growth
Target Fund
Franklin Templeton Moderate
Target Fund

INCOME

Franklin Adjustable U.S. Government Securities Fund 5
Franklin's AGE High Income Fund
Franklin Floating Rate Daily
Access Fund
Franklin Floating Rate Trust 6
Franklin Short-Intermediate
U.S. Government Securities Fund 5
Franklin Strategic Income Fund
Franklin Total Return Fund
Franklin U.S. Government
Securities Fund 5
Franklin Federal Money Fund 5 , 7
Franklin Money Fund 5 , 7

TAX-FREE INCOME 8

Double Tax-Free Income Fund

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

Federal Intermediate-Term Tax-Free Income Fund
Federal Tax-Free Income Fund
High Yield Tax-Free
Income Fund
Insured Tax-Free Income Fund 9
Tax-Exempt Money Fund 5 , 7

STATE-SPECIFIC
TAX-FREE INCOME 8
Alabama
Arizona
California 10
Colorado
Connecticut
Florida 10
Georgia
Kentucky
Louisiana
Maryland
Massachusetts 9
Michigan 9
Minnesota 9
Missouri
New Jersey
New York 10
North Carolina
Ohio 9
Oregon
Pennsylvania
Tennessee
Virginia

INSURANCE FUNDS
Franklin Templeton Variable
Insurance Products Trust 11

1. Formerly Franklin Growth and Income Fund. Effective 5/1/02, the fund's name changed; investment goal and strategy remained the same.
2. Formerly Franklin California Growth Fund. Effective 9/1/02, the fund's name changed and its investment criteria was modified to invest a majority of its net assets in California companies, as opposed to at least 80% of net assets.
3. Upon reaching approximately \$350 million in assets, the fund will close to all investors.
4. The fund is only open to existing shareholders as well as select retirement plans.
5. An investment in the fund is neither insured nor guaranteed by the U.S. government or by any other entity or institution.
6. The fund is a continuously offered, closed-end fund. Shares may be purchased daily; there is no daily redemption. However, each quarter, pending board approval, the fund will authorize the repurchase of 5%-25% of the outstanding number of shares. Investors may tender all or a portion of their shares during the tender period.
7. No assurance exists that the fund's \$1.00 per share price will be maintained. It is possible to lose money by investing in the fund.
8. For investors subject to the alternative minimum tax, a small portion of these dividends may be taxable. Distributions of capital gains are generally taxable.
9. Portfolio of insured municipal securities.
10. These funds are available in two or more variations, including long-term portfolios, portfolios of insured securities, a high-yield portfolio (CA) and intermediate-term and money market portfolios (CA and NY).
11. The funds of the Franklin Templeton Variable Insurance Products Trust are

Edgar Filing: FRANKLIN FLOATING RATE TRUST - Form N-30D

generally only available as investment options in variable annuity or variable life insurance contracts.

12/02

[LOGO OMITTED]
FRANKLIN (R) TEMPLETON (R)
INVESTMENTS

One Franklin Parkway
San Mateo, CA 94403-1906

WANT TO RECEIVE THIS DOCUMENT FASTER VIA EMAIL?

ELIGIBLE SHAREHOLDERS CAN SIGN UP FOR EDELIVERY
AT FRANKLINTempleton.COM. SEE INSIDE FOR DETAILS.

SEMIANNUAL REPORT
FRANKLIN FLOATING RATE TRUST

INVESTMENT MANAGER
Franklin Advisers, Inc.

DISTRIBUTOR
Franklin Templeton Distributors, Inc.
1-800/DIAL BEN (R)
franklintempleton.com

SHAREHOLDER SERVICES
1-800/632-2301

This report must be preceded or accompanied by the current Franklin Floating Rate Trust prospectus, which contains more complete information including charges and expenses.

To ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.

020 S2003 03/03 [RECYCLE LOGO] Printed on recycled paper