

MIMEDX GROUP, INC.
Form 10-Q
October 31, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the Quarterly Period Ended September 30, 2017

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from _____ to _____

Commission file number 001-35887

MIMEDX GROUP, INC.

(Exact name of registrant as specified in its charter)

Florida 26-2792552

(State or other jurisdiction of incorporation) (I.R.S. Employer Identification Number)

1775 West Oak Commons Ct. NE 30062

Marietta, GA
(Address of principal executive offices) (Zip Code)

(770) 651-9100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer "	Non-accelerated filer " (Do not check if a smaller reporting company)	Smaller reporting company "	Emerging growth company "
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(A) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes " No x

As of October 13, 2017, there were 111,034,873 shares of the registrant's common stock outstanding.

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As used herein, the terms “MiMedx,” “the Company,” “we,” “our” and “us” refer to MiMedx Group, Inc., a Florida corporation and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only MiMedx Group, Inc.

Important Cautionary Statement

This Quarterly Report on Form 10-Q includes forward-looking statements, including, among others, statements regarding future economic performance and financial condition, including future levels of amortization expense, and our management's plans and objectives. These statements also may be identified by words such as “believe,” “except,” “may,” “plan,” “potential,” “will” and similar expressions.

Forward-looking statements are subject to significant risks and uncertainties, and we caution investors against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Such statements are based upon the current beliefs and expectations of management and on information currently available to management. They speak as of the date hereof, and we do not assume any obligation to update the statements made herein or to update the reasons why actual results could differ from those contained in such statements in light of new information or future events.

We list certain of the factors that could cause actual results to differ materially from those described in the forward-looking statements in Part I, Item 1A., "Risk Factors" in our 2016 Annual Report on Form 10-K and also include risks discussed in this report and in other periodic reports that we file with the Securities and Exchange Commission ("SEC").

Part I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

MIMEDX GROUP, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, except share data)

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36,522	\$ 34,391
Accounts receivable, net	59,581	67,151
Inventory, net	10,419	17,814
Prepaid expenses	6,662	5,894
Other current assets	926	1,288
Total current assets	114,110	126,538
Property and equipment, net of accumulated depreciation	13,264	13,786
Goodwill	19,894	20,203
Intangible assets, net of accumulated amortization	10,377	23,268
Deferred tax asset, net	17,671	9,114
Other assets	3,391	354
Total assets	\$ 178,707	\$ 193,263
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,767	\$ 11,436
Accrued compensation	15,092	12,365
Accrued expenses	8,613	10,941
Current portion of earn out liability	—	8,740
Income taxes	2,329	5,768
Other current liabilities	358	1,482
Total current liabilities	35,159	50,732
Earn out liability	—	8,710
Other liabilities	1,076	821
Total liabilities	36,235	60,263
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock; \$.001 par value; 5,000,000 shares authorized and 0 shares issued and outstanding	—	—
Common stock; \$.001 par value; 150,000,000 shares authorized; 112,703,926 issued and 111,035,248 outstanding at September 30, 2017 and 110,212,547 issued and 109,862,787 outstanding at December 31, 2016	112	110
Additional paid-in capital	163,446	161,261
Treasury stock at cost: 1,668,678 shares at September 30, 2017 and 349,760 shares at December 31, 2016	(24,784) (2,216
Accumulated earnings (deficit)	3,698	(26,155
Total stockholders' equity	142,472	133,000
Total liabilities and stockholders' equity	\$ 178,707	\$ 193,263

See notes to condensed consolidated financial statements

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MIMEDX GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2017	2016	2017	2016	
Net sales	\$ 84,573	\$64,429	\$233,592	\$ 175,139	
Cost of sales	9,599	7,997	26,972	23,338	
Gross margin	74,974	56,432	206,620	151,801	
Operating expenses:					
Research and development expenses	5,481	2,919	14,430	8,582	
Selling, general and administrative expenses	60,233	48,179	168,498	131,599	
Amortization of intangible assets	418	631	1,451	1,889	
Operating income	8,842	4,703	22,241	9,731	
Other income (expense)					
Gain on divestiture	4,274	—	4,274	—	
Interest expense, net	(43)	(87)	(337)	(254)	
Income before income tax provision	13,073		4,073		
				Wintergames Holdings, Term Loan	6.250% 10/23/12
	59,649			Total Hotels, Restaurants & Leisure	38,588,953
				Household Durables	0.3% (0.2% of Total Investments)
	1,590			Rent-A-Center Inc., Term Loan B	4.809% 6/30/12 BB+ 1,288,098
				Household Products	1.8% (1.1% of Total Investments)

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6,559	Prestige Brands, Inc., Term Loan B	5.822%	4/06/11	BB-	5,280,068
1,737	Solo Cup Company, Term Loan	6.653%	2/27/11	B	1,509,990
8,296	Total Household Products				6,790,058

Independent Power Producers & Energy Traders 2.1% (1.3% of Total Investments)

822	Covanta Energy Corporation, Synthetic Letter of Credit	5.453%	2/09/14	BB	685,209
1,653	Covanta Energy Corporation, Term Loan B	4.632%	2/09/14	BB	1,377,163
2,268	NRG Energy, Inc., Credit Linked Deposit	2.701%	2/01/13	Ba1	1,974,965
4,616	NRG Energy, Inc., Term Loan	5.262%	2/01/13	Ba1	4,019,967
9,359	Total Independent Power Producers & Energy Traders				8,057,304

Insurance 2.9% (1.8% of Total Investments)

16,480	Conseco, Inc., Term Loan	5.000%	10/10/13	B+	10,918,027
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Internet Software & Services 0.5% (0.3% of Total Investments)

3,000	Sabre, Inc., Term Loan	5.251%	9/30/14	B+	1,738,334
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IT Services 6.3% (3.9% of Total Investments)

6,930	First Data Corporation, Term Loan B-2	6.019%	9/24/14	BB-	5,130,674
1,985	First Data Corporation, Term Loan B-3	5.983%	9/24/14	BB-	1,463,910
1,344	Infor Global Solutions Intermediate Holdings, Ltd., Delayed Term Loan	7.520%	7/28/12	B+	850,080
2,576	Infor Global Solutions Intermediate Holdings,	7.520%	7/28/12	B+	1,629,320

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	Ltd., Term Loan Infor Global Solutions Intermediate Holdings, Ltd., Term Loan B-1, WI/DD	TBD	TBD	Caa2	362,500
1,000	SunGard Data Systems, Inc., Term Loan B	4.553%	2/28/14	BB	14,094,772
18,288					
32,123	Total IT Services				23,531,256

Leisure Equipment & Products 2.5% (1.5% of Total Investments)

	Bombardier Recreational Products, Inc., Term Loan	6.347%	6/28/13	B+	6,942,532
10,025	Wimar OpCo LLC, Term Loan, (8)	7.250%	1/03/12	N/R	2,320,833
5,000					
15,025	Total Leisure Equipment & Products				9,263,365

Machinery 1.0% (0.6% of Total Investments)

	Manitowoc Company, Delayed Term Loan, (5) (6)	0.750%	8/30/14	BB+	(1,047,500)
5,000	Navistar International Corporation, Synthetic Letter of Credit	6.242%	1/19/12	N/R	653,333
933	Navistar International Corporation, Term Loan	6.421%	1/19/12	N/R	1,796,667
2,567	Oshkosh Truck Corporation, Term Loan	4.503%	12/06/13	BB+	2,483,100
3,560					
12,060	Total Machinery				3,885,600

Media 28.1% (17.3% of Total Investments)

	American Media Operations, Inc., Term Loan	7.560%	1/13/13	B	1,313,978
1,954	Cequel Communications LLC, Term Loan B, 144A	6.207%	11/05/13	BB-	6,590,200
8,887		6.262%	3/06/14	B+	1,960,001
3,000					

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	Charter Communications Operating Holdings LLC, Holdco Term Loan				
5,902	Charter Communications Operating Holdings LLC, Term Loan	5.313%	3/06/14	B+	4,444,173
1,774	Gray Television, Inc., Term Loan B	5.044%	12/31/14	B	1,011,144
7,860	Idearc, Inc., Term Loan	5.742%	11/17/14	BB	3,392,903
15,593	Metro-Goldwyn-Mayer Studios, Inc., Term Loan B	7.012%	4/08/12	N/R	7,884,270
17,655	Neilsen Finance LLC, Term Loan	4.803%	8/09/13	Ba3	12,870,453
717	NextMedia Operating, Inc., Delayed Term Loan	8.278%	11/15/12	B1	491,150
1,616	NextMedia Operating, Inc., Term Loan, First Lien	7.259%	11/15/12	B1	1,107,084
4,721	Philadelphia Newspapers, Term Loan	8.500%	6/29/13	N/R	1,416,153
4,767	ProQuest Company, Term Loan B	5.716%	2/09/14	BB-	4,147,000
985	Readers Digest Association, Inc., Term Loan	5.234%	3/02/14	B1	502,350
10,149	Regal Cinemas Corporation, Term Loan	5.262%	10/27/13	Ba2	7,673,806
3,809	SFX Entertainment, Inc., Term Loan	7.020%	6/20/13	Ba3	3,066,101
965	Spanish Broadcasting System, Inc., Term Loan B	5.520%	6/10/12	B-	447,519
26,682	Tribune Company, Term Loan B, DD1	6.000%	6/04/14	B	11,980,420
2,048	Tribune Company, Term Loan X	7.084%	6/04/09	B	1,611,776
25,000	Univision Communications, Inc., Term Loan	5.250%	9/29/14	B1	13,587,500
3,853	Univision Communications, Inc., Term Loan, Second Lien	5.500%	3/29/09	Caa1	3,380,569

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	UPC Broadband Holding BV, Term Loan N	5.470%	12/31/14	Ba3	2,152,500
3,000	Valassis Communications, Inc., Delayed Term Loan	5.520%	3/02/14	BB	525,791
748	Valassis Communications, Inc., Tranche B, Term Loan	5.520%	3/02/14	BB	1,585,721
2,255	WMG Acquisition Corporation, Term Loan	5.064%	2/28/11	BB	8,148,648
10,060	Yell Group PLC, Term Loan	6.118%	10/27/12	N/R	4,157,250
6,025					
170,025	Total Media				105,448,460

Metals & Mining 2.5% (1.5% of Total Investments)

	Amsted Industries, Inc., Delayed Term Loan	5.179%	4/08/13	BB	2,155,983
2,729	Amsted Industries, Inc., Term Loan	6.560%	4/08/13	BB	2,894,053
3,759	Edgen Murray II LP, Term Loan	5.630%	5/11/14	B	831,969
988	John Maneely Company, Term Loan	7.662%	12/08/13	B+	3,508,347
4,757					
12,233	Total Metals & Mining				9,390,352

Oil, Gas & Consumable Fuels 2.6% (1.6% of Total Investments)

	Brand Energy & Infrastructure Services, Inc., Term Loan B	6.002%	2/07/14	B1	1,497,200
1,970	CCS Income Trust, Term Loan	6.118%	11/14/14	BB-	2,261,109
2,985	Coffeyville Resources LLC, Credit Linked Deposit	6.633%	12/28/10	BB-	242,482
301	Coffeyville Resources LLC, Term Loan D	6.632%	12/28/13	BB-	782,940
971	Quicksilver Resource, Inc., Term Loan	7.735%	8/08/13	B1	1,881,469
2,288	Western Refining, Inc., Term Loan	9.171%	5/30/14	BB-	2,890,803
3,829					
12,344					9,556,003

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Total Oil, Gas &
Consumable Fuels

Paper & Forest Products 0.6% (0.4% of Total Investments)

	Georgia-Pacific Corporation, Term				
1,703	Loan B	4.654%	12/21/12	BB+	1,418,561
	Wilton Products, Term				
1,980	Loan	6.089%	11/16/14	Ba3	999,900
	Total Paper & Forest Products				2,418,461

Pharmaceuticals 1.2% (0.7% of Total Investments)

	Stiefel Laboratories, Inc., Delayed Term				
1,631	Loan	7.000%	12/28/13	BB-	1,329,235
	Stiefel Laboratories, Inc., Term Loan				
2,132		7.000%	12/28/13	BB-	1,737,852
	Warner Chilcott Corporation, Tranche B, Term Loan				
1,156		5.762%	1/18/12	BB-	955,847
	Warner Chilcott Corporation, Tranche C, Term Loan				
434		5.762%	1/18/12	BB-	358,643
5,353	Total Pharmaceuticals				4,381,577

Real Estate Management & Development 4.3% (2.7% of Total Investments)

	Capital Automotive LP, Term Loan				
7,303		5.470%	12/15/10	BB+	4,651,775
	LNR Property Corporation, Term				
14,080	Loan B	6.040%	7/12/11	BB	7,708,800
	Realogy Corporation, Delayed Term Loan				
5,925		6.829%	10/10/13	B+	3,811,845
	Total Real Estate Management & Development				16,172,420

Road & Rail 5.3% (3.2% of Total Investments)

667		5.454%	12/21/12	BB+	483,809
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	Hertz Corporation, Letter of Credit				
3,668	Hertz Corporation, Term Loan	4.586%	12/21/12	BB+	2,662,273
28,512	Swift Transportation Company, Inc., Term Loan, DD1	6.063%	5/10/14	B+	16,536,742
32,847	Total Road & Rail				19,682,824

Semiconductors & Equipment 0.5% (0.3% of Total Investments)

2,948	Freescale Semiconductor, Inc., Term Loan	5.470%	11/29/13	Ba1	2,016,582
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Software 2.8% (1.7% of Total Investments)

7,573	Dealer Computer Services, Inc., Term Loan	5.171%	10/26/12	BB	4,922,725
6,000	Dealer Computer Services, Inc., Term Loan, Second Lien	8.671%	10/26/13	B	3,570,000
1,975	IPC Systems, Inc., Term Loan	6.012%	5/31/14	B+	1,022,063
2,000	IPC Systems, Inc., Term Loan, Second Lien	9.012%	5/31/15	CCC+	840,000
17,548	Total Software				10,354,788

Specialty Retail 8.6% (5.3% of Total Investments)

6,005	Blockbuster, Inc., Tranche B, Term Loan	6.771%	8/20/11	B1	4,669,173
4,970	Burlington Coat Factory Warehouse Corporation, Term Loan, DD1	5.060%	5/28/13	B2	2,745,807
702	J Crew Operating Corporation, Term Loan	5.188%	5/15/13	BB	589,474
12,506	Michaels Stores, Inc., Term Loan	5.348%	10/31/13	B	7,381,656
5,880	Sally Holdings LLC, Term Loan	5.196%	11/16/13	BB-	4,613,701
5,985		7.059%	7/19/12	BB-	4,376,586

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	Toys R Us Delaware, Inc., Term Loan B TRU 2005 RE Holding Co I LLC, Term Loan	6.720%	12/08/09	B3	8,039,169
11,000					
47,048	Total Specialty Retail				32,415,566

Textiles, Apparel & Luxury Goods 1.1% (0.6% of Total Investments)

	HBI Branded Apparel Limited, Inc., Term Loan	5.173%	9/05/13	BB+	2,383,676
2,789					
	HBI Branded Apparel Limited, Inc., Term Loan, Second Lien	7.266%	3/05/14	BB-	1,566,667
2,000					
4,789	Total Textiles, Apparel & Luxury Goods				3,950,343

Trading Companies & Distributors 0.8% (0.5% of Total Investments)

	Ashtead Group Public Limited Company, Term Loan	4.563%	8/31/11	Ba2	1,568,640
1,824					
	Brenntag Holdings GmbH & Co. KG, Acquisition Facility	5.071%	1/20/14	B+	272,945
393					
	Brenntag Holdings GmbH & Co. KG, Facility B2	5.071%	1/20/14	B+	1,117,055
1,607					
3,824	Total Trading Companies & Distributors				2,958,640

Wireless Telecommunication Services 2.4% (1.5% of Total Investments)

	Asurion Corporation, Term Loan	6.060%	7/03/14	N/R	8,979,996
12,000					

	Total Variable Rate Senior Loan Interests (cost \$800,264,934)				567,150,602
\$ 822,503					

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value
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Corporate Bonds 8.8% (5.4% of Total Investments)**Diversified Telecommunication Services 1.0% (0.6% of Total Investments)**

\$	5,000	Qwest Corporation, Floating Rate Note, 3.250% plus three-month LIBOR	6.276%	6/15/13	BB+	\$ 3,650,000
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Energy Equipment & Services 1.3% (0.8% of Total Investments)

	5,000	Williams Companies Inc., Floating Rate Note, 2.000% plus three-month LIBOR, 144A	5.026%	10/01/10	BBB-	4,919,455
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Food Products 0.7% (0.4% of Total Investments)

	1,528	Dole Foods Company	8.625%	5/01/09	B-	1,382,840
	1,780	Dole Foods Company	8.875%	3/15/11	B-	1,237,100
	3,308	Total Food Products				2,619,940

Health Care Providers & Services 0.3% (0.2% of Total Investments)

	2,000	Select Medical Corporation, Floating Rate Note, 5.750% plus six-month LIBOR	8.871%	9/15/15	CCC+	1,240,000
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Hotels, Restaurants & Leisure 1.6% (1.0% of Total Investments)

	7,900	Mohegan Tribal Gaming Authority	8.000%	4/01/12	B	5,846,000
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Paper & Forest Products 0.7% (0.4% of Total Investments)

	500	Verso Paper Holdings LLC, Series B	9.125%	8/01/14	B	267,500
	4,000	Verso Paper Holdings LLC, Floating Rate Note, 3.750% plus three-month LIBOR	6.776%	8/01/14	B	2,340,000
	4,500	Total Paper & Forest Products				2,607,500

Real Estate Investment Trust 0.7% (0.5% of Total Investments)

	4,000	Felcor Lodging LP, Floating Rate Note, 1.875% plus six-month LIBOR	4.996%	12/01/11	BB-	2,670,000
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Semiconductors & Equipment 2.3% (1.4% of Total Investments)

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1,400	Avago Technologies Finance Pte. Ltd., Floating Rate Note, 5.500% plus three-month LIBOR	8.526%	6/01/13	B+	1,198,750
16,000	NXP BV, Floating Rate Note, 2.750% plus three-month LIBOR	5.776%	10/15/13	B-	7,100,000
1,000	Spansion LLC, Floating Rate Note, 3.125% plus three-month LIBOR, 144A	6.151%	6/01/13	B	220,000
18,400	Total Semiconductors & Equipment				8,518,750
Textiles, Apparel & Luxury Goods 0.2% (0.1% of Total Investments)					
1,000	HanesBrands Inc., Floating Rate Note, 3.375% plus six-month LIBOR	6.496%	12/15/14	B	683,750
\$ 51,108	Total Corporate Bonds (cost \$51,318,796)				32,755,395

Shares	Description (1)				Value
Investment Companies 2.1% (1.3% of Total Investments)					
353,668	Eaton Vance Floating-Rate Income Trust Fund			\$	3,402,286
963,820	Eaton Vance Senior Income Trust				4,568,507
	Total Investment Companies (cost \$11,947,776)				7,970,793
	Total Investments (cost \$863,531,506) 162.0%				607,876,790
	Borrowings (25.4%) (9)				(95,300,000)
	Other Assets Less Liabilities 7.4%				27,623,502
	Preferred Shares, at Liquidation Value (44.0%) (9)				(165,000,000)
	Net Assets Applicable to Common Shares 100%			\$	375,200,292

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.

(2) Senior Loans generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a Borrower to prepay, prepayments of Senior Loans may occur. As a result, the actual remaining maturity of Senior Loans held may be substantially less than the stated maturities shown.

(3)

Ratings: Using the higher of Standard & Poor's Group (Standard & Poor's) or Moody's Investor Service, Inc. (Moody's) rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

- (4) Senior Loans generally pay interest at rates which are periodically adjusted by reference to a base short-term, floating lending rate plus an assigned fixed rate. These floating lending rates are generally (i) the lending rate referenced by the London Inter-Bank Offered Rate (LIBOR), or (ii) the prime rate offered by one or more major United States banks.

Senior Loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the Agent Bank and/or Borrower prior to the disposition of a Senior Loan.

- (5) Position or portion of position represents an unfunded Senior Loan commitment outstanding at October 31, 2008. At October 31, 2008, the Fund had unfunded Senior Loan Commitments of \$7,271,224.
- (6) Negative value represents unrealized depreciation on unfunded Senior Loan commitment outstanding at October 31, 2008.
- (7) Principal Amount rounds to less than \$1,000.
- (8) At or subsequent to October 31, 2008, this issue was under the protection of the Federal Bankruptcy Court.
- (9) Borrowings and Preferred Shares, at Liquidation Value as a percentage of Total Investments are 15.7% and 27.1%, respectively.

N/R Not rated.

DD1 Investment or portion of investment purchased on a delayed delivery basis.

WI/DD Purchased on a when-issued or delayed delivery basis.

144A Investment is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These investments may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.

TBD Senior Loan purchased on a when-issued or delayed-delivery basis. Certain details associated with this purchase are not known prior to the settlement date of the transaction. In addition, Senior Loans typically trade without accrued interest and therefore a weighted average coupon rate is not available prior to settlement. At settlement, if still unknown, the Borrower or counterparty will provide the Fund with the final weighted average coupon rate and maturity date.

Fair Value Measurements

During the current fiscal period, the Fund adopted the provisions of Statement of Financial Accounting Standards No. 157 (SFAS No. 157) Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. In determining the value of the Fund's investments various inputs are used. These inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices in active markets for identical securities.
- Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 - Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the Fund's fair value measurements as of October 31, 2008:

	Level 1	Level 2	Level 3	Total
Investments	\$7,970,793	\$599,905,997	\$ -	\$607,876,790

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, timing differences in recognizing certain gains and losses on investment transactions and recognition of premium amortization. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At October 31, 2008, the cost of investments was \$864,153,051.

Gross unrealized appreciation and gross unrealized depreciation of investments at October 31, 2008, were as follows:

Gross unrealized:	
Appreciation	\$
Depreciation	(256,276,261)
Net unrealized appreciation (depreciation) of investments	\$ (256,276,261)

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Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: EX-99 CERT Attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Floating Rate Income Fund

By (Signature and Title) /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date December 30, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer (principal executive officer)

Date December 30, 2008

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date December 30, 2008