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BLACKROCK PREFERRED INCOME STRATEGIES FUND, INC.

Form N-Q

March 28, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21286

Name of Fund: BlackRock Preferred Income Strategies Fund, Inc. (PSY)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive  
Officer, BlackRock Preferred Income Strategies Fund, Inc., 800 Scudders  
Mill Road, Plainsboro, NJ 08536. Mailing address: P.O. Box 9011,  
Princeton, NJ 08543-9011

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 10/31/2008

Date of reporting period: 11/01/2007 - 01/31/2008

Item 1 - Schedule of Investments

BlackRock Preferred Income Strategies Fund, Inc.  
Schedule of Investments as of January 31, 2008 (Unaudited) (in U.S. dollars)

| Industry                 | Face<br>Amount | Capital Trusts  |
|--------------------------|----------------|---|
| Capital Markets - 2.9%   | \$ 6,400,000   | Lehman Brothers Holdings Capital Trust V, 5.911% (d) (f)                        |
|                          | 5,975,000      | State Street Capital Trust III, 8.25% (d) (f)                                   |
|                          | 13,535,000     | State Street Capital Trust IV, 5.991% due 6/01/2067 (d)                         |
| Commercial Banks - 16.0% | 12,035,000     | ABN AMRO North America Holding Preferred Capital Repackag<br>6.523% (d) (f) (g) |
|                          | 2,811,000      | Abbey National Capital Trust I, 8.963% (a) (d) (f)                              |
|                          | 18,350,000     | BB&T Capital Trust IV, 6.82% due 6/12/2077 (d)                                  |
|                          | 2,000,000      | Bank One Capital III, 8.75% due 9/01/2030                                       |
|                          | 6,115,000      | Barclays Bank Plc, 5.926% (d) (f) (g)   |
|                          | 3,875,000      | Dresdner Funding Trust I, 8.151% due 6/30/2031 (g)                              |
|                          | 3,630,000      | First Empire Capital Trust II, 8.277% due 6/01/2027                             |
|                          | 2,000,000      | HSBC America Capital Trust I, 7.808% due 12/15/2026 (g)                         |
|                          | 15,835,000     | HSBC Capital Funding LP/Jersey Channel Islands, 10.176% (                       |
|                          | 7,300,000      | HSBC Finance Capital Trust IX, 5.911% due 11/30/2035 (d)                        |
|                          | 12,275,000     | Hubco Capital Trust II Series B, 7.65% due 6/15/2028                            |
|                          | 3,850,000      | Huntington Capital III, 6.65% due 5/15/2037 (d)                                 |

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|                                       |            |   |
|---------------------------------------|------------|---|
|                                       | 2,000,000  | Lloyds TSB Bank Plc, 6.90% (f)                            |
|                                       | 18,470,000 | Nationsbank Capital Trust III, 4.808% due 1/15/2027 (d)   |
|                                       | 3,930,000  | Royal Bank of Scotland Group Plc, 7.648% (d) (f)          |
|                                       | 4,175,000  | SunTrust Preferred Capital I, 5.853% (d) (f)              |
| -----                                 |            |   |
| Consumer Finance - 2.0%               | 13,670,000 | Capital One Capital III, 7.686% due 8/15/2036             |
|                                       | 4,630,000  | MBNA Capital A, 8.278% due 12/01/2026                     |
| -----                                 |            |   |
| Diversified Financial Services - 4.2% | 15,000,000 | AgFirst Farm Credit Bank, 8.393% due 12/15/2016 (d)       |
|                                       | 9,000,000  | Farm Credit Bank of Texas Series 1, 7.561% (d) (f)        |
|                                       | 8,375,000  | JPM Chase Capital XXI, 4.065% due 5/15/2077 (d)           |
| -----                                 |            |   |
| Electric Utilities - 0.7%             | 5,000,000  | SWEPCO Capital I, 5.25% due 10/01/2043 (d)                |
| -----                                 |            |   |
| Insurance - 10.0%                     | 12,175,000 | AON Corp., 8.205% due 1/01/2027                           |
|                                       | 11,300,000 | Ace Capital Trust II, 9.70% due 4/01/2030                 |
|                                       | 15,000,000 | Farmers Exchange Capital, 7.05% due 7/15/2028 (g)         |
|                                       | 10,000,000 | GE Global Insurance Holding Corp., 7.75% due 6/15/2030    |
|                                       | 3,000,000  | Genworth Financial, Inc., 6.15% due 11/15/2066 (d)        |
|                                       | 6,066,000  | ING Capital Funding Trust III, 8.439% (d) (f)             |
|                                       | 3,605,000  | Oil Casualty Insurance Ltd., 8% due 9/15/2034 (g)         |
|                                       | 6,325,000  | Principal Life Insurance Co., 8% due 3/01/2044 (Surplus N |
|                                       | 3,750,000  | Zenith National Insurance Capital Trust I, 8.55% due 8/01 |
| -----                                 |            |   |
| Multi-Utilities - 1.4%                | 10,000,000 | Dominion Resources Capital Trust I, 7.83% due 12/01/2027  |
| -----                                 |            |   |
| Road & Rail - 0.5%                    | 3,750,000  | BNSF Funding Trust I, 6.613% due 12/15/2055 (d)           |
| -----                                 |            |   |
| Thrifts & Mortgage Finance - 0.6%     | 1,000,000  | Astoria Capital Trust I, 9.75% due 11/01/2029 (g)         |
|                                       | 3,875,000  | Webster Capital Trust IV, 7.65% due 6/15/2037 (d)         |
| -----                                 |            |   |
|                                       |            | Total Capital Trusts (Cost - \$303,792,260) - 38.3%       |
| -----                                 |            |   |
|                                       | Shares     |   |
|                                       | Held       | Preferred Stocks  |
| -----                                 |            |   |
| Capital Markets - 0.2%                | 72,200     | Deutsche Bank Contingent Capital Trust II, 6.55%          |
| -----                                 |            |   |
| Commercial Banks - 11.2%              | 1,140,000  | Barclays Bank Plc, 6.278% (d)                             |
|                                       | 4,650      | First Tennessee Bank NA, 3.90% (d) (g)                    |
|                                       | 8,000,000  | ICICI Bank Ltd., 7.25% (d) (e) (f) (g)                    |

BlackRock Preferred Income Strategies Fund, Inc.

Schedule of Investments as of January 31, 2008 (Unaudited)

(in U.S. dollars)

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| Industry                                 | Shares<br>Held | Preferred Stocks  |
|--|----------------|---|
|  | 166,800        | Provident Financial Group, Inc., 7.75%                                      |
|  | 23,000         | SG Preferred Capital II, 6.302% (d)   |
|  | 599,000        | Santander Finance Preferred SA Unipersonal, 6.50%                           |
|  | 250,000        | Santander Finance Preferred SA Unipersonal, 6.80%                           |
|  | 48,000         | Sovereign Bancorp, Inc. Series C, 7.30% (c)                                 |
|  | 915,000        | Wachovia Corp. Series J, 8%   |
| Diversified Financial<br>Services - 8.7% | 310,000        | Bank of America Corp., 6.625%   |
|  | 10,000         | Bank of America Corp. Series L, 7.25% (b)                                   |
|  | 485,000        | Citigroup, Inc. Series AA, 8.125%   |
|  | 295,000        | Citigroup, Inc. Series T, 6.50% (b)   |
|  | 152,000        | Cobank ACB, 7% (g)  |
|  | 15,525,000     | JPMorgan Chase Capital XXI Series U, 4.062% due 2/02/2037                   |
| Electric Utilities - 1.9%                | 14,000         | Alabama Power Co., 5.83%  |
|  | 145,000        | Alabama Power Co., 6.50%  |
|  | 114,400        | Entergy Arkansas, Inc., 6.45%   |
|  | 49,850         | Entergy Louisiana LLC, 6.95%  |
|  | 80,000         | Interstate Power & Light Co. Series B, 8.375%                               |
| Insurance - 15.2%                        | 400,000        | ACE Ltd. Series C, 7.80%  |
|  | 16,340,000     | AXA SA, 6.379% (d) (f) (g)  |
|  | 194,000        | Aspen Insurance Holdings Ltd., 7.401% (d)                                   |
|  | 140,000        | Axis Capital Holdings Ltd. Series A, 7.25%                                  |
|  | 36,000         | Axis Capital Holdings Ltd. Series B, 7.50% (d)                              |
|  | 139,200        | Endurance Specialty Holdings Ltd. Series A, 7.75%                           |
|  | 6,930,000      | Financial Security Assurance Holdings Ltd., 6.40%<br>due 12/15/2066 (d) (g) |
|  | 19,875,000     | Metlife, Inc., 6.40% due 12/15/2066   |
|  | 793,000        | Metlife, Inc. Series B, 6.50%   |
|  | 5,700,000      | PartnerRe Finance II, 6.44% due 12/01/2066 (d)                              |
|  | 95,000         | Prudential Plc, 6.50%   |
|  | 660,000        | RenaissanceRe Holding Ltd. Series D, 6.60%                                  |
|  | 9,800          | Zurich RegCaPS Funding Trust, 6.58% (d) (g)                                 |
| Multi-Utilities - 0.5%                   | 140,000        | Pacific Gas & Electric Co. Series A, 6%                                     |
| Thrifts & Mortgage<br>Finance - 11.8%    | 860,000        | Fannie Mae, 8.25%   |
|  | 264,650        | Fannie Mae Series L, 5.125%   |
|  | 392,148        | Fannie Mae Series O, 7% (d)   |
|  | 120,000        | Freddie Mac Series Q, 3.85% (d)   |
|  | 225,000        | Freddie Mac Series U, 5.90%   |
|  | 325,000        | Freddie Mac Series V, 5.57%   |
|  | 216,600        | Freddie Mac Series Y, 6.55%   |
|  | 360,000        | Freddie Mac Series Z, 8.375%  |
|  | 40             | Roslyn Real Estate Asset Corp. Series D, 8.88% (d)                          |



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|                                   |            |  |
|-----------------------------------|------------|--|
| Insurance - 2.7%                  | 11,000,000 | ABN AMRO North America Capital Funding Trust II, 5.046%    |
|                                   | 5,000,000  | Lincoln National Capital VI Series F, 6.75% due 9/11/2052  |
|                                   | 7,375,000  | W.R. Berkley Capital Trust II, 6.75% due 7/26/2045         |
| Media - 2.9%                      | 23,375,000 | Comcast Corp., 6.625% due 5/15/2056                        |
| Thrifts & Mortgage Finance - 0.7% | 6,000,000  | Dime Community Capital I, 7% due 4/14/2034                 |
|                                   |            | Total Trust Preferreds (Cost - \$98,056,231) - 12.1%       |
|                                   |            | Total Preferred Securities (Cost - \$823,093,868) - 104.6% |

Corporate Bonds

|                          |            |   |
|--------------------------|------------|---|
| Building Products - 0.5% | 3,915,000  | C8 Capital SPV Ltd., 6.64% (d) (f) (g)                      |
| Capital Markets - 3.8%   | 7,600,000  | Ameriprise Financial, Inc., 7.518% due 6/01/2066 (d)        |
|                          | 3,750,000  | The Bear Stearns Cos., Inc., 6.40% due 10/02/2017           |
|                          | 9,045,000  | Credit Suisse Guernsey Ltd., 5.86% (d) (f)                  |
|                          | 1,310,000  | Lehman Brothers Holdings, Inc., 6.690% due 9/15/2022 (d)    |
|                          | 7,800,000  | Lehman Brothers Holdings, Inc., 6.875% due 7/17/2037        |
| Commercial Banks - 21.0% | 28,025,000 | BNP Paribas, 7.195% (d) (f) (g) (h)                         |
|                          | 8,065,000  | Bank of Ireland Capital Funding II, LP, 5.571% (d) (f) (g)  |
|                          | 8,575,000  | Bank of Ireland Capital Funding III, LP, 6.107% (d) (f) (g) |
|                          | 5,250,000  | Barclays Bank Plc, 7.434% (d) (f) (g)                       |
|                          | 31,800,000 | Credit Agricole SA, 6.637% (d) (f) (g)                      |
|                          | 5,000,000  | HBOS Plc, 6.657% (d) (f) (g)                                |
|                          | 16,075,000 | Resona Preferred Global Securities Ltd., 7.191% (d) (f) (g) |
|                          | 5,575,000  | Royal Bank of Scotland Group Plc, 6.99% (d) (f) (g)         |
|                          | 4,800,000  | Royal Bank of Scotland Group Plc, 9.118% (f)                |
|                          | 7,500,000  | Royal Bank of Scotland Plc Series MTN, 7.64% (d) (f)        |
|                          | 25,250,000 | Societe Generale, 5.922% (d) (f) (g)                        |
|                          | 13,550,000 | Standard Chartered Bank, 7.014% (d) (f) (g)                 |
|                          | 8,500,000  | Woori Bank, 6.208% due 5/02/2067 (d) (g)                    |

BlackRock Preferred Income Strategies Fund, Inc.  
 Schedule of Investments as of January 31, 2008 (Unaudited) (in U.S. dollars)

| Industry              | Face Amount | Corporate Bonds                            |
|-----------------------|-------------|--|
| Diversified Financial | 26,700,000  | Bank of America Corp. Series K, 8% (d) (f) |

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|                                       |            |  |
|---------------------------------------|------------|--|
| Services - 8.2%                       | 11,600,000 | Citigroup, Inc., 8.30% due 12/21/2077 (d)                    |
|                                       | 23,000,000 | JPMorgan Chase Capital XXV, 6.80% due 10/01/2037             |
| -----                                 |            |  |
| Electric Utilities - 3.4%             | 792,000    | Duke Energy Carolinas LLC, 5.25% due 1/15/2018               |
|                                       | 16,575,000 | Duke Energy Field Services LLC, 8.125% due 8/16/2030         |
|                                       | 5,925,000  | PPL Capital Funding, 6.70% due 3/30/2067 (d)                 |
|                                       | 385,000    | Southern California Edison Co. Series 08-A, 5.95% due 2/0    |
| -----                                 |            |  |
| Gas Utilities - 1.9%                  | 14,400,000 | Southern Union Co., 7.20% due 11/01/2066 (d)                 |
| -----                                 |            |  |
| Insurance - 23.8%                     | 12,775,000 | The Allstate Corp., 6.50% due 5/15/2057 (d)                  |
|                                       | 10,450,000 | The Allstate Corp. Series B, 6.125% due 5/15/2067 (d)        |
|                                       | 12,395,000 | American International Group, Inc., 6.25% due 3/15/2087      |
|                                       | 17,700,000 | Chubb Corp., 6.375% due 3/29/2067 (d)                        |
|                                       | 14,280,000 | Everest Reinsurance Holdings, Inc., 6.60% due 5/01/2067 (d)  |
|                                       | 7,500,000  | Great West Life & Annuity Insurance Co., 7.153% due 5/16/    |
|                                       | 10,150,000 | Liberty Mutual Group, Inc., 7% due 3/15/2037 (d) (g)         |
|                                       | 12,000,000 | Lincoln National Corp., 7% due 5/17/2066 (d)                 |
|                                       | 5,025,000  | Lincoln National Corp., 6.05% due 4/20/2067 (d)              |
|                                       | 9,675,000  | Nationwide Life Global Funding I, 6.75% due 5/15/2067        |
|                                       | 5,000,000  | Oil Insurance Ltd., 7.558% (d) (f) (g)                       |
|                                       | 11,650,000 | Progressive Corp., 6.70% due 6/15/2037 (d)                   |
|                                       | 8,525,000  | QBE Capital Funding II LP, 6.797% (d) (f) (g)                |
|                                       | 3,000,000  | Reinsurance Group of America, 6.75% due 12/15/2065 (d)       |
|                                       | 585,495    | Structured Asset Repackaged Trust Series 2004-1, 5.417% d    |
|                                       | 8,875,000  | Swiss Re Capital I LP, 6.854% (d) (f) (g)                    |
|                                       | 22,850,000 | The Travelers Cos., Inc., 6.25% due 3/15/2067 (d)            |
|                                       | 1,300,000  | ZFS Finance (USA) Trust IV, 5.875% due 5/09/2032 (d) (g)     |
|                                       | 17,110,000 | ZFS Finance (USA) Trust V, 6.50% due 5/09/2067 (d) (g)       |
| -----                                 |            |  |
| Multi-Utilities - 1.3%                | 8,400,000  | Dominion Resources, Inc., 7.50% due 6/30/2066 (d)            |
|                                       | 1,825,000  | Puget Sound Energy, Inc. Series A, 6.974% due 6/01/2067 (d)  |
| -----                                 |            |  |
| Oil, Gas &<br>Consumable Fuels - 1.6% | 4,225,000  | Enterprise Products Operating LP, 8.375% due 8/01/2066 (d)   |
|                                       | 8,300,000  | TransCanada PipeLines Ltd., 6.35% due 5/15/2067 (d)          |
| -----                                 |            |  |
| Thrifts & Mortgage<br>Finance - 0.4%  | 4,100,000  | Washington Mutual Preferred Funding Delaware, 6.534% (d) (g) |
| -----                                 |            |  |
|                                       |            | Total Corporate Bonds (Cost - \$522,015,774) - 65.9%         |
| -----                                 |            |  |
|                                       |            | Government & Agency Obligations                              |
| -----                                 |            |  |
|                                       | 5,000,000  | U.S. Treasury Notes, 4.75% due 2/15/2037                     |
| -----                                 |            |  |
|                                       |            | Total Government & Agency Obligations (Cost - \$5,323,438)   |
| -----                                 |            |  |

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BlackRock Preferred Income Strategies Fund, Inc.  
 Schedule of Investments as of January 31, 2008 (Unaudited) (in U.S. dollars)

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Total Investments (Cost - \$1,350,433,080\*) - 171.2%

Other Assets Less Liabilities - 2.2%

Preferred Stock, at Redemption Value - (73.4%)

Net Assets Applicable to Common Stock - 100.0%

\* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |                  |
|-------------------------------|------------------|
| Aggregate cost                | \$ 1,348,253,250 |
|                               | =====            |
| Gross unrealized appreciation | \$ 15,679,628    |
| Gross unrealized depreciation | (78,520,369)     |
|                               | -----            |
| Net unrealized depreciation   | \$ (62,840,741)  |
|                               | =====            |

- (a) These securities are short-term floating rate certificates issued by tender option bond trusts and are secured by the underlying municipal bond securities.
- (b) Convertible security.
- (c) Depositary receipts.
- (d) Floating rate security.
- (e) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares.
- (f) The security is a perpetual bond and has no stated maturity date.
- (g) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (h) All or a portion of security held as collateral in connection with open financial futures contracts.
- o Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate                       | Net Activity    | Dividend<br>Income |
|---------------------------------|-----------------|--------------------|
| -----                           |                 |                    |
| BlackRock Liquidity Series, LLC |                 |                    |
| Cash Sweep Series               | \$ (54,265,247) | \$746,248          |
| -----                           |                 |                    |

- o Financial futures contracts purchased as of January 31, 2008 were as follows:

-----

Number of Unrealized

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| Contracts | Issue                      | Expiration Date | Face Value    | Depreciation |
|-----------|----------------------------|-----------------|---------------|--------------|
| 1,883     | 2-Year U.S. Treasury Bonds | March 2008      | \$401,622,310 | \$ (131,403) |

- o Financial futures contracts sold as of January 31, 2008 were as follows:

| Number of Contracts | Issue                       | Expiration Date | Face Value   | Unrealized Appreciation |
|---------------------|-----------------------------|-----------------|--------------|-------------------------|
| 595                 | 30-Year U.S. Treasury Bonds | March 2008      | \$70,994,678 | \$ 3,760                |

- o Forward interest rate swaps outstanding as of January 31, 2008 were as follows:

|   |      |
|---|------|
| Receive a fixed rate of 3.2325% and pay a floating rate based on 3-month USD LIBOR<br>Broker, Citibank NA<br>Expires January 2010 | \$ 2 |
| Pay a fixed rate of 4.3975% and receive a floating rate based on 3-month USD LIBOR<br>Broker, Citibank NA<br>Expires January 2018 | \$   |
| Total   |      |

BlackRock Preferred Income Strategies Fund, Inc.  
Schedule of Investments as of January 31, 2008 (Unaudited) (in U.S. dollars)

- o Forward credit default swaps entered into as of January 31, 2008 were as follows:

|   |  |
|---|--|
| Bought credit default protection on Capital One Financial Corp. and pay 4.175%<br>Broker, Citibank NA |  |
|---|--|



Expires March 2013

\$14

- o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets.

Item 2 - Controls and Procedures

- 2(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")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 2(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) 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

Certifications - Attached hereto

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.

BlackRock Preferred Income Strategies Fund, Inc.

By: /s/ Donald C. Burke

-----  
 Donald C. Burke  
 Chief Executive Officer of  
 BlackRock Preferred Income Strategies Fund, Inc.

Date: March 24, 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: /s/ Donald C. Burke

-----  
 Donald C. Burke  
 Chief Executive Officer (principal executive officer) of  
 BlackRock Preferred Income Strategies Fund, Inc.

Date: March 24, 2008

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By: /s/ Neal J. Andrews

-----  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Preferred Income Strategies Fund, Inc.

Date: March 24, 2008