

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC
Form N-CSR
November 08, 2010

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

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES**

Investment Company Act file number 811-21413

Name of Fund: BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock
Floating Rate Income Strategies Fund, Inc., 55 East 52nd Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2010

Date of reporting period: 08/31/2010

Item 1 Report to Stockholders

Annual Report

BlackRock Defined Opportunity Credit Trust (BHL)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

BlackRock Limited Duration Income Trust (BLW)

BlackRock Senior Floating Rate Fund, Inc.

BlackRock Senior Floating Rate Fund II, Inc.

August 31, 2010

Not FDIC Insured No Bank Guarantee May Lose Value

Table of Contents

| | Page |
|---|------|
| Dear Shareholder | 3 |
| Annual Report: | |
| Fund Summaries | 4 |
| The Benefits and Risks of Leveraging | 10 |
| Derivative Financial Instruments | 11 |
| Disclosure of Expenses for Continuously Offered Closed-End Funds | 11 |
| Fund Financial Statements | |
| Schedules of Investments | 12 |
| Statements of Assets and Liabilities | 41 |
| Statements of Operations | 43 |
| Statements of Changes in Net Assets | 45 |
| Statements of Cash Flows | 48 |
| Fund Financial Highlights | 49 |
| Fund Notes to Financial Statements | 55 |
| Fund Report of Independent Registered Public Accounting Firm | 67 |
| Important Tax Information | 68 |
| Master Senior Floating Rate LLC Portfolio Summary | 69 |
| Master Senior Floating Rate LLC Financial Statements: | |
| Schedule of Investments | 70 |
| Statement of Assets and Liabilities | 76 |
| Statement of Operations | 77 |
| Statements of Changes in Net Assets | 77 |
| Statement of Cash Flows | 78 |
| Master Senior Floating Rate LLC Financial Highlights | 79 |
| Master Senior Floating Rate LLC Notes to Financial Statements | 80 |
| Master Senior Floating Rate Report of Independent Registered Public Accounting Firm | 85 |
| Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements | 86 |
| Automatic Dividend Reinvestment Plans | 90 |
| Officers and Directors | 91 |
| Additional Information | 94 |

2 ANNUAL REPORT

AUGUST 31, 2010

Dear Shareholder

The global economic recovery continues, although global and US economic statistics show that the pace of economic growth has slowed. The sovereign debt

crisis in Europe, slowing growth in China and concerns over the possibility that the United States and other developed markets are heading for a double-dip

recession have all acted to depress investor sentiment. Despite broadening evidence of a slowdown in global economic activity, market volatility has normal-

ized from the extreme levels seen in recent months. In the United States, economic data continues to be mixed, but it is our view that the preponderance of

data suggests that the recovery is continuing. The critical issue for investors remains the question of whether the economy will experience a double-dip

recession. We are on the optimistic side of this debate and would point out that while the recovery has been slow, we have made significant progress.

Global equity markets have moved unevenly higher since bottoming out in early 2009 as investors were enticed by depressed valuations, improved

corporate earnings, and their desire for higher yields. Several significant downturns, however, have occurred primarily as a result of mixed economic

data and concerns about the possibility of prolonged deflation (especially in Europe). As the period drew to a close, equity markets lost ground on weaker-

than-expected economic data, most notably from the United States. International equities posted negative returns on both a six- and 12-month basis while

US equities posted negative returns over the six months, but were still showing positive returns on a 12-month basis as the domestic economic recovery

had been more pronounced and credit-related issues held European markets down. Within the United States, smaller cap stocks continue to outperform

large caps year-to-date.

In fixed income markets, yields have fluctuated significantly over the past year as economic data has been mixed. Risk aversion and credit issues have kept

interest rates low and US Treasury yields have fallen significantly as investors favored safe haven assets. As the period drew to a close, Treasuries modestly

outperformed the spread sectors of the market (those driven by changes in credit risk.) Corporate credit spreads benefited from the low rate environment

and high yield fixed income remains attractive due to low default rates and better-than-expected results on European bank stress tests. Meanwhile, tax-

exempt municipal bonds slightly outperformed US investment grade bonds on a 12-month basis, but underperformed year-to-date as investors rotated to

the relative safety of Treasuries.

Regarding cash investments, yields on money market securities remain near all-time lows (producing returns only marginally above zero percent), with

the Federal Open Market Committee reiterating that economic circumstances are likely to necessitate an accommodative interest rate stance for an

extended period.

Against this backdrop, the major market averages posted the following returns:

| Total Returns as of August 31, 2010 | 6-month | 12-month |
|---|----------------|-----------------|
| US large cap equities (S&P 500 Index) | (4.04)% | 4.91% |
| US small cap equities (Russell 2000 Index) | (3.60) | 6.60 |
| International equities (MSCI Europe, Australasia, Far East Index) | (3.04) | (2.34) |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index) | 0.07 | 0.14 |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index) | 11.49 | 11.58 |
| US investment grade bonds (Barclays Capital US Aggregate Bond Index) | 5.81 | 9.18 |
| Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index) | 5.42 | 9.78 |
| US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index) | 6.62 | 21.40 |

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index.

Although conditions have improved over the past couple of years, investors across the globe continue to face uncertainty about the future direction of

economic growth. Through periods of uncertainty, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional

market perspective and investment insight, visit www.blackrock.com/shareholdermagazine, where you'll find the most recent issue of our award-winning

Shareholder® magazine, as well as its quarterly companion newsletter, Shareholder Perspectives. We thank you for entrusting BlackRock with your

investments, and we look forward to your continued partnership in the months and years ahead.

THIS PAGE NOT PART OF YOUR FUND REPORT

Fund Summary as of August 31, 2010

BlackRock Defined Opportunity Credit Trust

Fund Overview

BlackRock Defined Opportunity Credit Trust's (BHL) (the Fund) investment objective is high current income, with a secondary objective of long-term capital appreciation. The Fund seeks to achieve its investment objectives by investing substantially all of its assets in loan and debt instruments and loan-related and debt-related instruments (collectively "credit securities"). The Fund invests, under normal market conditions, at least 80% of its assets in any combination of the following credit securities: (i) senior secured floating rate and fixed rate loans; (ii) second lien or other subordinated or unsecured floating rate and fixed rate loans or debt; (iii) credit securities that are rated below investment grade quality; and (iv) investment grade corporate bonds. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objectives will be achieved.

Performance

For the 12 months ended August 31, 2010, the Fund returned 23.33% based on market price and 14.39% based on net asset value (NAV). For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 31.82% based on market price and 15.79% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. We focused on higher quality loan structures and borrowers with relatively stable cash flows and the ability to generate steady income. The Fund's bias towards higher quality sectors and credits detracted from relative performance as high quality generally underperformed lower quality sectors and credits during the period except during the credit market correction in the second quarter of 2010. The Fund maintained leverage at an average amount between 15% to 16% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. The Fund's allocation to high yield bonds benefited performance as the sector outperformed most other sectors of the fixed income market. Investments in a few special situations and recovery stories, most notably in the automotive sector, also contributed positively to performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on New York Stock Exchange (NYSE)

BHL

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| | |
|--|------------------|
| Initial Offering Date | January 31, 2008 |
| Yield on Closing Market Price as of August 31, 2010 (\$12.86) ¹ | 5.97% |
| Current Monthly Distribution per Share ² | \$0.064 |
| Current Annualized Distribution per Share ² | \$0.768 |
| Leverage as of August 31, 2010 ³ | 16% |

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² A change in the distribution rate was declared on September 1, 2010. The Monthly Distribution per Share was increased to \$0.066. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/10 | 8/31/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$12.86 | \$11.03 | 16.59% | \$13.56 | \$10.96 |
| Net Asset Value | \$13.55 | \$12.53 | 8.14% | \$13.80 | \$12.51 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

| Portfolio Composition | Credit Quality Allocations ⁴ | | | | |
|------------------------------|---|---------|---------|---------|---------|
| | 8/31/10 | 8/31/09 | | 8/31/10 | 8/31/09 |
| Floating Rate Loan Interests | 83% | 94% | BBB/Baa | 11% | 16% |
| Corporate Bonds | 15 | 6 | BB/Ba | 44 | 57 |
| Other Interests | 1 | | B | 44 | 27 |
| Common Stocks | 1 | | CCC/Caa | 1 | |

⁴ Using the higher of Standard & Poor's Corporation (S&P's) or Moody's Investors Service, Inc. (Moody's) ratings.

4 ANNUAL REPORT

AUGUST 31, 2010

Fund Summary as of August 31, 2010

BlackRock Diversified Income Strategies Fund, Inc.

Fund Overview

BlackRock Diversified Income Strategies Fund, Inc. s (DVF) (the Fund) investment objective is to provide shareholders with high current income. The Fund seeks to achieve its investment objective by investing primarily in floating rate debt securities and instruments, including floating rate loans, bonds, certain preferred securities (including certain convertible preferred securities), notes or other debt securities or instruments which pay a floating or variable rate of interest until maturity. The Fund considers floating rate debt securities to include fixed rate debt securities held by the Fund where the Fund has entered into certain derivative transactions at either the portfolio level or with respect to an individual security held by the Fund, including interest rate swap agreements, in an attempt to convert the fixed rate payments it receives with respect to such securities into floating rate payments. The Fund may invest, under normal market conditions, a substantial portion of its assets in below investment grade quality securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Fund returned 29.13% based on market price and 30.27% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 31.82% based on market price and 15.79% based on NAV. The performance of the Lipper category does not necessarily correlate to that of the Fund, as the Lipper group comprises both closed-end funds and unleveraged continuously offered closed-end funds. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period-end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s exposure to high yield bonds benefited performance as the sector outperformed the broader market. Investments in special situations, most notably in the automotive sector, also contributed positively. The Fund s low amount of leverage detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing.

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Fund Information

Symbol on NYSE

DVF

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| | |
|--|------------------|
| Initial Offering Date | January 31, 2005 |
| Yield on Closing Market Price as of August 31, 2010 (\$10.45) ¹ | 7.87% |
| Current Monthly Distribution per Share ² | \$0.0685 |
| Current Annualized Distribution per Share ² | \$0.8220 |
| Leverage as of August 31, 2010 ³ | 18% |

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² A change in the distribution rate was declared on September 1, 2010. The Monthly Distribution per Share was decreased to \$0.0635. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/10 | 8/31/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|--------|
| Market Price | \$10.45 | \$8.80 | 18.75% | \$12.15 | \$8.65 |
| Net Asset Value | \$10.47 | \$8.74 | 19.79% | \$10.89 | \$8.74 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

| Portfolio Composition | Credit Quality Allocations ⁴ | | | | |
|------------------------------|---|---------|-----------|---------|---------|
| | 8/31/10 | 8/31/09 | | 8/31/10 | 8/31/09 |
| Floating Rate Loan Interests | 76% | 49% | BBB/Baa | 4% | |
| Corporate Bonds | 20 | 49 | BB/Ba | 32 | 17% |
| Common Stocks | 2 | 2 | B | 46 | 37 |
| Other Interests | 2 | | CCC/Caa | 11 | 34 |
| | | | CC/Ca | 1 | 4 |
| | | | D | | 3 |
| | | | Not Rated | 6 | 5 |

⁴ Using the higher of S&P's or Moody's ratings.

ANNUAL REPORT

AUGUST 31, 2010

Fund Summary as of August 31, 2010

BlackRock Floating Rate Income Strategies Fund, Inc.

Fund Overview

BlackRock Floating Rate Income Strategies Fund, Inc.'s (FRA) (the Fund) investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in floating rate securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Fund returned 27.59% based on market price and 18.91% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 31.82% based on market price and 15.79% based on NAV. The performance of the Lipper category does not necessarily correlate to that of the Fund, as the Lipper group comprises both closed-end funds and unleveraged continuously offered closed-end funds. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund's exposure to high yield bonds aided performance as the sector outperformed most other sectors of the fixed income market as well as the broad US equity market. Investments in a few special situations and recovery stories, most notably in the automotive sector, contributed positively. We focused on higher quality loan structures and borrowers with relatively stable cash flows and the ability to generate steady income, which detracted from relative performance as riskier sectors and credits generally outperformed, except during the credit market correction in the second quarter of 2010. The Fund maintained leverage at an average amount between 17% to 18% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing.

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Fund Information

| | |
|--|------------------|
| Symbol on NYSE | FRA |
| Initial Offering Date | October 31, 2003 |
| Yield on Closing Market Price as of August 31, 2010 (\$14.61) ¹ | 6.32% |
| Current Monthly Distribution per Share ² | \$0.077 |
| Current Annualized Distribution per Share ² | \$0.924 |
| Leverage as of August 31, 2010 ³ | 17% |

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² The distribution is not constant and is subject to change.

³ Represents loan outstanding as a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) that may be outstanding, minus the sum of accrued liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/10 | 8/31/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$14.61 | \$12.26 | 19.17% | \$16.96 | \$12.15 |
| Net Asset Value | \$14.36 | \$12.93 | 11.06% | \$14.67 | \$12.93 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

| Portfolio Composition | Credit Quality Allocations ⁴ | | | | |
|------------------------------|---|---------|-----------|---------|---------|
| | 8/31/10 | 8/31/09 | | 8/31/10 | 8/31/09 |
| Floating Rate Loan Interests | 76% | 75% | BBB/Baa | 5% | 12% |
| Corporate Bonds | 22 | 24 | BB/Ba | 33 | 15 |
| Other Interests | 1 | | B | 50 | 46 |
| Common Stocks | 1 | 1 | CCC/Caa | 6 | 21 |
| | | | CC/Ca | 1 | |
| | | | D | | 4 |
| | | | Not Rated | 5 | 2 |

⁴ Using the higher of S&P's or Moody's ratings.

Fund Summary as of August 31, 2010

BlackRock Limited Duration Income Trust

Fund Overview

BlackRock Limited Duration Income Trust's (BLW) (the Fund) investment objective is to provide current income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in three distinct asset classes:

intermediate duration, investment grade corporate bonds, mortgage-related securities and asset-backed securities and US Government and agency securities;
senior, secured floating rate loans made to corporate and other business entities; and
US dollar-denominated securities of US and non-US issuers rated below investment grade, and to a limited extent, in non-US dollar denominated securities of non-US issuers rated below investment grade.

The Fund's portfolio normally has an average portfolio duration of less than five years (including the effect of anticipated leverage), although it may be longer from time to time depending on market conditions. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Fund returned 26.04% based on market price and 19.00% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 34.35% based on market price and 26.92% based on NAV. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund's allocation to high yield loans and investment-grade bonds detracted from performance as these sectors underperformed high yield bonds during the period. The Fund's focus on sectors that are less sensitive to the economy, the consumer and the housing market also had a negative impact. The Fund's relatively low amount of leverage detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. Conversely, an overweight in the automobiles sector and investments in a number of special situations and distressed credits (including automobiles) contributed positively to performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

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| | |
|--|---------------|
| Symbol on NYSE | BLW |
| Initial Offering Date | July 30, 2003 |
| Yield on Closing Market Price as of August 31, 2010 (\$16.76) ¹ | 6.09% |
| Current Monthly Distribution per Share ² | \$0.085 |
| Current Annualized Distribution per Share ² | \$1.020 |
| Leverage as of August 31, 2010 ³ | 17% |

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² A change in the distribution rate was declared on September 1, 2010. The Monthly Distribution per Share was increased to \$0.0875. The Yield on Closing Market Price, Current

Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ Represents reverse repurchase agreements and the Term Asset-Backed Securities Loan Facility (TALF) loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the Fund's market price and net asset value per share:

| | 8/31/10 | 8/31/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$16.76 | \$14.09 | 18.95% | \$16.94 | \$13.10 |
| Net Asset Value | \$16.79 | \$14.95 | 12.31% | \$16.88 | \$14.95 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond and US government securities investments:

| Portfolio Composition | Credit Quality Allocations ⁴ | | | | |
|---|---|---------|----------------------|---------|---------|
| | 8/31/10 | 8/31/09 | | 8/31/10 | 8/31/09 |
| Floating Rate Loan Interests | 39% | 45% | AAA/Aaa ⁵ | 18% | 53% |
| Corporate Bonds | 34 | 24 | AA/Aa | 2 | |
| U.S. Government Sponsored Agency Securities | 7 | 26 | A | 6 | |
| Non-Agency Mortgage-Backed Securities | 11 | | BBB/Baa | 8 | 6 |
| Asset-Backed Securities | 5 | 2 | BB/Ba | 30 | 11 |
| Foreign Agency Obligations | 2 | 2 | B | 28 | 10 |
| Taxable Municipal Bonds | 1 | | CCC/Caa | 6 | 16 |
| Other Interests | 1 | | C | | 1 |
| U.S. Treasury Obligations | | 1 | D | | 1 |
| | | | Not Rated | 2 | 2 |

⁴ Using the higher of S&P's or Moody's ratings.

⁵ Includes US Government Sponsored Agency securities and US Treasury Obligations, which are deemed AAA/Aaa by the investment advisor.

ANNUAL REPORT

AUGUST 31, 2010

7

Fund Summary as of August 31, 2010

BlackRock Senior Floating Rate Fund, Inc.

Fund Overview

BlackRock Senior Floating Rate Fund, Inc. s (the Fund) investment objective is to provide as high a level of current income and such preservation of capital as is consistent with investment in senior collateralized corporate loans (corporate loans) primarily in the form of participation interests, as defined below, in corporate loans made by banks or other financial institutions. The Fund seeks to achieve its investment objective by investing its assets in the Master Senior Floating Rate LLC ("Master LLC"), a separate closed-end, non-diversified management investment company. Master LLC may invest in a corporate loan either by participating as a co-lender at the time the loan is originated or by buying a participation or assignment interest in the corporate loan from a co-lender or a participant (collectively, participation interests). Master LLC invests, under normal market conditions, at least 80% of its assets in corporate loans or participating in such loans that have floating or variable interest rates and, under normal market conditions, at least 65% of its assets in floating rate or variable rate loans made to corporate borrowers or participating in such loans. Master LLC may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Fund returned 11.20% based on NAV while the closed-end Lipper Loan Participation Funds category posted an average NAV return of 15.79% for the same period. All returns reflect reinvestment of dividends. The Fund invests all of its assets in Master LLC. Master LLC does not employ leverage and is therefore expected to underperform the Fund s Lipper category under strong market conditions as the category includes many leveraged competitors. The Fund performed as expected relative to its peer group as markets generally advanced over the past 12 months. Master LLC maintained relatively conservative positioning weighted toward higher quality credits and loan structures. This positioning had a negative impact on relative performance during much of the period as lower quality credit outperformed, with the exception of the credit correction during the second quarter of 2010. We continue to believe this positioning is the appropriate stance in a low-growth environment. Master LLC s overweight position in the automobiles sector and investments in special situations and distressed credits had a positive impact on performance, as did an underweight position in health care. Master LLC frequently held cash committed for pending transactions; these cash balances did not have a significant impact on performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These

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views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information¹

| | |
|--|------------------|
| Initial Offering Date | November 3, 1989 |
| Yield based on Net Asset Value as of August 31, 2010 (\$7.59) ² | 4.81% |
| Current Monthly Distribution per Share ³ | \$0.031032 |
| Current Annualized Distribution per Share ³ | \$0.365377 |

¹ The Fund is a continuously offered closed-end fund that does not trade on an exchange.

² Yield based on net asset value is calculated by dividing the current annualized distribution per share by the net asset value. Past performance does not guarantee future results.

³ The distribution is not constant and is subject to change.

The table below summarizes the change in the Fund's NAV per share:

| | 8/31/10 | 8/31/09 | Change | High | Low |
|-----------------|---------|---------|--------|--------|--------|
| Net Asset Value | \$7.59 | \$7.16 | 6.01% | \$7.74 | \$7.16 |

Expense Example for Continuously Offered Closed-End Funds

| | Actual | | | Hypothetical ⁵ | | | |
|---|---|--|--|---|--|--|--------------------------------|
| | Beginning Account Value March 1, 2010 | Ending Account Value August 31, 2010 | Expenses Paid During the Period ⁴ | Beginning Account Value March 1, 2010 | Ending Account Value August 31, 2010 | Expenses Paid During the Period ⁴ | Annualized Expense Ratio |
| BlackRock Senior Floating Rate Fund, Inc. | \$1,000 | \$1,029.90 | \$ 7.83 | \$1,000 | \$1,017.49 | \$ 7.78 | 1.53% |

⁴ Expenses are equal to the annualized expense ratio, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period shown).

Because the Fund is a feeder fund, the expense table reflects the expenses of both the feeder fund and the Master LLC in which it invests.

⁵ Hypothetical 5% annual return before expenses is calculated by multiplying the number of days in the most recent fiscal half year divided by 365. See Disclosure of Expenses for Continuously Offered Closed-End Funds on page 11 for further information on how expenses were calculated.

8 ANNUAL REPORT

AUGUST 31, 2010

Fund Summary as of August 31, 2010

BlackRock Senior Floating Rate Fund II, Inc.

Fund Overview

BlackRock Senior Floating Rate Fund II, Inc. (the Fund) investment objective is to provide as high a level of current income and such preservation of capital as is consistent with investment in senior collateralized corporate loans (corporate loans) primarily in the form of participation interests, as defined below, in corporate loans made by banks or other financial institutions. The Fund seeks to achieve its investment objective by investing its assets in the Master Senior Floating Rate LLC ("Master LLC"), a separate closed-end, non-diversified management investment company. Master LLC may invest in a corporate loan either by participating as a co-lender at the time the loan is originated or by buying a participation or assignment interest in the corporate loan from a co-lender or a participant (collectively, participation interests). Master LLC invests, under normal market conditions, at least 80% of its assets in corporate loans or participating in such loans that have floating or variable interest rates and, under normal market conditions, at least 65% of its assets in floating rate or variable rate loans made to corporate borrowers or participating in such loans. Master LLC may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Fund returned 10.97% based on NAV while the closed-end Lipper Loan Participation Funds category posted an average NAV return of 15.79% for the same period. All returns reflect reinvestment of dividends. The Fund invests all of its assets in Master LLC. Master LLC does not employ leverage and is therefore expected to underperform the Fund's Lipper category under strong market conditions as the category includes many leveraged competitors. The Fund performed as expected relative to its peer group as markets generally advanced over the past 12 months. Master LLC maintained relatively conservative positioning weighted toward higher quality credits and loan structures. This positioning had a negative impact on relative performance during much of the period as lower quality credit outperformed, with the exception of the credit correction during the second quarter of 2010. We continue to believe this positioning is the appropriate stance in a low-growth environment. Master LLC's overweight position in the automobiles sector and investments in special situations and distressed credits had a positive impact on performance, as did an underweight position in health care. Master LLC frequently held cash committed for pending transactions; these cash balances did not have a significant impact on performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These

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views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information¹

| | |
|--|----------------|
| Initial Offering Date | March 26, 1999 |
| Yield based on Net Asset Value as of August 31, 2010 (\$8.22) ² | 4.66% |
| Current Monthly Distribution per Share ³ | \$0.032518 |
| Current Annualized Distribution per Share ³ | \$0.382873 |

¹ The Fund is a continuously offered closed-end fund that does not trade on an exchange.

² Yield based on net asset value is calculated by dividing the current annualized distribution per share by the net asset value. Past performance does not guarantee future results.

³ The distribution is not constant and is subject to change.

The table below summarizes the change in the Fund's NAV per share:

| | 8/31/10 | 8/31/09 | Change | High | Low |
|-----------------|---------|---------|--------|--------|--------|
| Net Asset Value | \$8.22 | \$7.76 | 5.93% | \$8.38 | \$7.75 |

Expense Example for Continuously Offered Closed-End Funds

| | Actual | | | Hypothetical ⁵ | | | |
|--|-------------------------|----------------------|--------------------------------|---------------------------|----------------------|--------------------------------|--------------------------|
| | Beginning Account Value | Ending Account Value | Expenses Paid | Beginning Account Value | Ending Account Value | Expenses Paid | Annualized Expense Ratio |
| | March 1, 2010 | August 31, 2010 | During the Period ⁴ | March 1, 2010 | August 31, 2010 | During the Period ⁴ | |
| BlackRock Senior Floating Rate Fund II, Inc. | \$1,000 | \$1,028.60 | \$ 8.59 | \$1,000 | \$1,016.74 | \$ 8.54 | 1.68% |

⁴ Expenses are equal to the annualized expense ratio, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period shown).

Because the Fund is a feeder fund, the expense table reflects the expenses of both the feeder fund and the Master LLC in which it invests.

⁵ Hypothetical 5% annual return before expenses is calculated by pro rating the number of days in the most recent fiscal half year divided by 365. See Disclosure of Expenses for Continuously Offered Closed-End Funds on page 11 for further information on how expenses were calculated.

ANNUAL REPORT

AUGUST 31, 2010

9

The Benefits and Risks of Leveraging

BHL, DVF, FRA and BLW may utilize leverage to seek to enhance the yield and NAV. However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage by borrowing through a credit facility, participation in the TALF, or through entering into reverse repurchase agreements and treasury roll transactions. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund's capitalization is \$100 million and it borrows for an additional \$30 million, creating a total value of \$130 million available for investment in long-term securities. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays borrowing costs and interest expense on the \$30 million of borrowings based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the borrowings earn income based on long-term interest rates. In this case, the borrowing costs and interest expense of the borrowings is significantly lower than the income earned on the Fund's long-term investments, and therefore the shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Fund pays interest expense on the higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Funds' portfolio investments generally varies

inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Funds' borrowings do not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAV positively or negatively in addition to the impact on Fund performance from leverage from borrowings discussed above.

The use of leverage may enhance opportunities for increased income to the Funds and shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in each Fund's NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, each Fund's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through their credit facility, through participation in the TALF or entering into reverse repurchase agreements up to $33\frac{1}{3}\%$ of their total managed assets. As of August 31, 2010, the Funds had outstanding leverage from borrowings as a percentage of their total managed assets as follows:

| | Percent of Leverage |
|-----|--------------------------------|
| BHL | 16% |
| DVF | 18% |
| FRA | 17% |
| BLW | 17% |

10 ANNUAL REPORT

AUGUST 31, 2010

Derivative Financial Instruments

The Funds may invest in various derivative instruments, including swaps, financial futures contracts, foreign currency exchange contracts and options, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, interest rate, credit, equity and/or foreign currency exchange rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative instrument. The Funds

ability to successfully use a derivative instrument depends on the investment advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio securities at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold a security that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Disclosure of Expenses for Continuously Offered Closed-End Funds

Shareholders of BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. may incur the following charges:

- (a) expenses related to transactions, including early withdrawal fees; and
- (b) operating expenses, including administration fees, and other Fund

expenses. The examples on the previous pages (which are based on a hypothetical investment of \$1,000 invested on March 1, 2010 and held through August 31, 2010) are intended to assist shareholders both in calculating expenses based on an investment in each Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The tables provide information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number corresponding to their Fund under the heading entitled Expenses Paid During the Period.

The tables also provide information about hypothetical account values and hypothetical expenses based on each Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in these Funds and other funds, compare the 5% hypothetical example with the 5%

hypothetical examples that appear in other funds' shareholder reports.

The expenses shown in the tables are intended to highlight shareholders' ongoing costs only and do not reflect any transactional expenses, such as early withdrawal fees. Therefore, the hypothetical examples are useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

ANNUAL REPORT

AUGUST 31, 2010

11

Schedule of Investments August 31, 2010

BlackRock Defined Opportunity Credit Trust (BHL)

(Percentages shown are based on Net Assets)

| Common Stocks (a) | Shares | Value |
|--|--------------|------------|
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. | 16,300 | \$ 202,283 |
| Software 0.2% | | |
| HMH Holdings/EduMedia | 54,036 | 270,181 |
| Total Common Stocks 0.4% | | 472,464 |
| | Par | |
| | (000) | |
| Corporate Bonds | | |
| Airlines 0.4% | | |
| Air Canada, 9.25%, 8/01/15 (b) | USD 250 | 245,000 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 285 | 299,325 |
| | | 544,325 |
| Auto Components 0.9% | | |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | 13 | 12,664 |
| Icahn Enterprises LP: 7.75%, 1/15/16 | 375 | 372,188 |
| 8.00%, 1/15/18 | 750 | 746,250 |
| | | 1,131,102 |
| Building Products 0.3% | | |
| Building Materials Corp. of America, 7.00%, 2/15/20 (b) | 375 | 373,125 |
| Chemicals 0.4% | | |
| CF Industries, Inc., 6.88%, 5/01/18 | 415 | 436,788 |
| Commercial Banks 1.1% | | |
| CIT Group, Inc., 7.00%, 5/01/17 | 1,375 | 1,292,929 |
| Commercial Services & Supplies 0.5% | | |
| Clean Harbors, Inc., 7.63%, 8/15/16 | 400 | 410,000 |
| The Geo Group, Inc., 7.75%, 10/15/17 (b) | 250 | 257,500 |
| | | 667,500 |
| Consumer Finance 0.4% | | |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b) | 425 | 435,625 |
| Containers & Packaging 0.8% | | |
| Berry Plastics Corp.: | | |
| 8.25%, 11/15/15 | 700 | 701,750 |
| 9.50%, 5/15/18 (b) | 240 | 220,800 |

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| | | |
|--|-------|----------------|
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b) | 400 | 385,201 |
| NRG Energy, Inc.: | | |
| 7.25%, 2/01/14 | 1,600 | 1,632,000 |
| 7.38%, 2/01/16 | 100 | 100,750 |
| | | 3,341,201 |
| Media 1.6% | | |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 185 | 191,938 |
| Series B, 9.25%, 12/15/17 | 740 | 776,075 |
| DISH DBS Corp., 7.00%, 10/01/13 | 425 | 442,531 |
| UPC Germany GmbH, 8.13%, 12/01/17 (b) | 500 | 513,750 |
| | | 1,924,294 |
| Oil, Gas & Consumable Fuels 0.6% | | |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | 140 | 143,850 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b) | 580 | 581,450 |
| | | 725,300 |
| Paper & Forest Products 0.9% | | |
| NewPage Corp., 11.38%, 12/31/14 | 1,115 | 905,937 |
| Verso Paper Holdings LLC, 11.50%, 7/01/14 | 200 | 211,000 |
| | | 1,116,937 |
| Textiles, Apparel & Luxury Goods 0.4% | | |
| Phillips-Van Heusen Corp., 7.38%, 5/15/20 | 445 | 458,350 |
| Wireless Telecommunication Services 1.5% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | 1,125 | 1,161,562 |
| NexTel Communications, Inc., Series E, 6.88%, 10/31/13 | 525 | 523,687 |
| Sprint Capital Corp., 8.38%, 3/15/12 | 175 | 185,063 |
| | | 1,870,312 |
| Total Corporate Bonds 18.6% | | 22,698,384 |

Portfolio Abbreviations

| | | | |
|--|--|---|--|
| <p>To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:</p> <p>See Notes to Financial Statements.</p> | <p>CAD Canadian Dollar</p> <p>EUR Euro</p> <p>FKA Formerly Known As</p> <p>GBP British Pound</p> | <p>GO General Obligation</p> <p>MSCI Morgan Stanley Capital International</p> <p>USD US Dollar</p> | |
|--|--|---|--|

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust (BHL)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Floating Rate Loan Interests (c) | | | |
| Aerospace & Defense 1.7% | | | |
| DynCorp International, Term Loan, 6.25%, 7/07/16 | USD | 700 | \$ 694,575 |
| Hawker Beechcraft Acquisition Co., LLC: | | | |
| Letter of Credit Linked Deposit, 0.43%, 3/26/14 | | 37 | 29,768 |
| Term Loan, 2.26% 2.53%, 3/26/14 | | 627 | 499,209 |
| TASC, Inc.: | | | |
| Tranche A Term Loan, 5.50%, 12/18/14 | | 162 | 161,635 |
| Tranche B Term Loan, 5.75%, 12/18/15 | | 628 | 629,167 |
| | | | 2,014,354 |
| Auto Components 2.8% | | | |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/09/16 | | 748 | 719,756 |
| Allison Transmission, Inc., Term Loan, 3.04%, 8/07/14 | | 2,334 | 2,151,042 |
| Dana Holding Corp., Term Advance, 4.52% 6.50%, 1/30/15 | | 390 | 382,609 |
| Exide Global Holdings Netherlands C.V., European Borrower, Term Loan, 3.94%, 5/15/12 | EUR | 146 | 171,032 |
| | | | 3,424,439 |
| Automobiles 1.3% | | | |
| Ford Motor Co.: | | | |
| Tranche B-1 Term Loan, 3.03%, 12/15/13 | USD | 1,578 | 1,517,979 |
| Tranche B-2 Term Loan, 3.03%, 12/15/13 | | 24 | 22,720 |
| | | | 1,540,699 |
| Building Products 2.0% | | | |
| Building Materials Corp. of America, Term Loan Advance, 3.06%, 2/22/14 | | 257 | 251,638 |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | | 1,223 | 1,227,465 |
| Momentive Performance Materials (Blitz 06-103 GmbH), Tranche B-2 Term Loan, 2.88% 12/04/13 | EUR | 797 | 925,809 |
| | | | 2,404,912 |
| Capital Markets 0.4% | | | |
| Nuveen Investments, Inc., Term Loan (First Lien), | | | |

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| | | |
|--|-------|-----------|
| 1/14/15 | 398 | 398,000 |
| Altegrity, Inc., Incremental Term Loan, 7.75%, 2/21/15 | 750 | 747,188 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | 558 | 561,222 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | 475 | 477,573 |
| Diversey, Inc. (FKA Johnson Diversey, Inc.), Tranche B Dollar Term Loan, 5.50%, 11/24/15 | 498 | 496,256 |
| International Lease Finance Corp., Term Loan 1, 6.75%, 3/17/15 | 950 | 957,521 |
| Protection One, Inc., Term Loan, 6.00%, 6/04/16 | 750 | 741,563 |
| Quad Graphics, Term Loan, 5.50%, 4/20/16 | 275 | 262,350 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27% 2.28%, 4/02/14 | 977 | 825,844 |
| West Corp., Incremental Term Loan B-3, 7.25%, 10/24/13 | 913 | 909,838 |
| | | 7,862,167 |
| Communications Equipment 0.1% | | |
| Sorenson Communications, Tranche C Term Loan, 6.00%, 8/16/13 | 119 | 106,480 |
| Construction & Engineering 0.7% | | |
| Aquilex Holdings LLC, Term Loan, 5.50%, 4/01/16 | 100 | 99,334 |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | 750 | 750,000 |
| | | 849,334 |
| Construction Materials 0.3% | | |
| Fairmount Minerals Ltd., Term Loan B, 6.25%, 8/05/16 | 425 | 425,177 |
| Consumer Finance 2.7% | | |
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15 | 1,750 | 1,729,219 |
| Daimler Chrysler Financial Services Americas LLC, Term Loan (Second Lien), 6.78%, 8/05/13 | 1,524 | 1,518,963 |
| | | 3,248,182 |
| Containers & Packaging 0.8% | | |
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | 358 | 354,674 |
| BWAY Holdings, Co., Term Loan B, 5.50% 6.00%, 6/16/17 | 169 | 168,932 |
| Berry Plastics Holding Corp., Term Loan C, 2.38%, 4/03/15 | 520 | 473,835 |
| ICL Industrial Containers ULC/ICL Contenants Industriels ULC (FKA BWAY) Term Loan C, 5.50% 6.00%, 6/16/17 | 16 | 15,847 |
| | | 1,013,288 |

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Diversified Consumer Services 3.4%

| | | |
|--|-------|-----------|
| Coinmach Laundry Corp., Delayed Draw Term Loan, 3.29% 3.35%, 11/14/14 | 247 | 212,306 |
| Coinmach Service Corp., Term Loan, 3.35%, 11/14/14 | 1,217 | 1,060,902 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | 1,985 | 1,951,751 |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.77% 3.04%, 7/24/14 | 873 | 802,448 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | 87 | 79,912 |
| | | 4,107,319 |

Diversified Financial Services 2.4%

| | | |
|--|---------|-----------|
| MSCI, Inc., Term Loan, 4.75%, 6/01/16 | 798 | 800,328 |
| Reynolds Group Holdings, Inc., US Term Loan, 6.25%, 5/05/16 | 1,589 | 1,581,031 |
| Whitelabel IV SA: | | |
| Term Loan B2, 5.00%, 8/11/17 | EUR 249 | 312,808 |
| Term Loan B1, 5.00%, 8/11/17 | 151 | 189,023 |
| | | 2,883,190 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

13

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust (BHL)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Floating Rate Loan Interests (c) | | |
| Diversified Telecommunication Services 3.6% | | |
| Cincinnati Bell Inc., Tranche B Term Loan, 6.50%, 6/11/17 | USD 673 | \$ 668,263 |
| Hawaiian Telcom Communications, Inc., Tranche C Term Loan, 4.75%, 5/30/14 (d) | 516 | 361,183 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | 825 | 822,937 |
| Level 3 Communications, Incremental Term Loan, 2.53% 2.78%, 3/13/14 | 1,400 | 1,254,093 |
| Wind Finance SL SA, Euro Facility (Second Lien), 7.89%, 12/17/14 | EUR 1,000 | 1,264,677 |
| | | 4,371,153 |
| Electric Utilities 1.0% | | |
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | USD 1,250 | 1,262,500 |
| Electrical Equipment 0.4% | | |
| Baldor Electric Co., Term Loan, 5.25% 5.50%, 1/31/14 | 506 | 505,968 |
| Electronic Equipment, Instruments & Components 2.6% | | |
| CDW LLC (FKA CDW Corp.), Term Loan, 4.28%, 10/10/14 | 637 | 570,887 |
| Deutsche Group SAS (FKA Matinvest 2 SAS)/Butterfly Wendel US, Inc.: | | |
| Facility B-2, 3.91%, 6/22/14 | 319 | 271,533 |
| Facility C-2, 4.16%, 6/22/15 | 268 | 228,042 |
| Flextronics International Ltd.: | | |
| Closing Date Loan A, 2.53% 2.56%, 10/01/14 | 103 | 96,528 |
| Closing Date Loan B, 2.56%, 10/01/12 | 562 | 541,190 |
| L-1 Identity Solutions Operating Co., Tranche B-1 Term Loan, 6.75%, 8/05/13 | 616 | 612,506 |
| Styron Sarl, Term Loan, 7.50%, 6/17/16 | 825 | 831,443 |
| | | 3,152,129 |
| Energy Equipment & Services 0.6% | | |
| MEG Energy Corp., Tranche D Term Loan, 6.00%, | | |

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| | | | |
|--|--------------|-------|--------------|
| 4/03/16 | | 696 | 694,509 |
| Food & Staples Retailing 2.3% | | | |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.55%, 7/09/15 | GBP | 500 | 713,338 |
| Bolthouse Farms, Inc., Term Loan (First Lien), 5.50%, 2/11/16 | USD | 499 | 496,002 |
| Pierre Foods, Term Loan, 7.00%, 3/03/16 | | 488 | 486,078 |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | | 863 | 863,794 |
| Rite Aid Corp., Term Loan B, 6.00%, 7/09/14 | | 220 | 212,520 |
| | | | 2,771,732 |
| Food Products 3.1% | | | |
| CII Investment, LLC (FKA Cloverhill): | | | |
| Term Loan A, 8.50%, 10/14/14 | | 482 | 481,836 |
| Term Loan B, 8.50%, 10/14/14 | | 586 | 586,021 |
| Dole Food Co., Inc. Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17 | | 284 | 284,125 |
| Michael Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 6.25%, 6/29/16 | | 500 | 500,357 |
| Pilgrim s Pride Corp., Term Loan A, 5.58%, 12/01/12 | | 550 | 544,500 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | | 709 | 709,886 |
| Solvest, Ltd. (Dole) Tranche C-1 Term Loan, 5.00% 5.50, 3/02/17 | | 704 | 705,371 |
| | | | 3,812,096 |
| Health Care Equipment & Supplies 1.4% | | | |
| Biomet, Inc., Dollar Term Loan, 3.26% 3.54%, 3/25/15 | | 407 | 393,293 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | | 729 | 691,199 |
| Fresenius SE: | | | |
| Tranche C-1 Dollar Term Loan, 4.50%, 9/10/14 | | 418 | 418,318 |
| Tranche C-2 Term Loan, 4.50%, 9/10/14 | | 227 | 227,759 |
| | | | 1,730,569 |
| | Par | | |
| Floating Rate Loan Interests (c) | (000) | | Value |
| Health Care Providers & Services 6.2% | | | |
| CHS/Community Health Systems, Inc.: | | | |
| Delayed Draw Term Loan, 2.55%, 7/25/14 | USD | 86 | \$ 80,719 |
| Term Loan Facility, 2.55%, 7/25/14 | | 1,680 | 1,583,641 |

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| | | |
|---|-------|-----------|
| DaVita, Inc., Tranche B-1 Term Loan, 1.77% 2.04%, 10/05/12 | 200 | 196,916 |
| Gentiva Health Services, Inc., Term Loan B, 6.75%, 8/12/16 | 600 | 592,125 |
| HCA, Inc.: Tranche A-1 Term Loan, 2.03%, 11/16/12 | 1,655 | 1,592,364 |
| Tranche B-1 Term Loan, 2.78%, 11/18/13 | 70 | 67,375 |
| Harden Healthcare LLC: Add-on Term Loan, 7.75%, 3/02/15 | 600 | 588,000 |
| Tranche A Term Loan, 8.50%, 2/22/15 | 396 | 388,436 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16 | 1,200 | 1,197,750 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 6.00%, 6/03/16 | 525 | 525,000 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 813 | 803,229 |
| | | 7,615,555 |
| Health Care Technology 0.8% | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | 957 | 959,107 |
| Hotels, Restaurants & Leisure 5.5% | | |
| BLB Worldwide Holdings, Inc. (Wembley, Inc.), First Priority Term Loan, 4.75%, 7/18/11 | 1,000 | 720,000 |
| Harrah s Operating Co., Inc.: Term Loan B-3, 3.50% 3.53%, 1/28/15 | 1,002 | 855,793 |
| Term Loan B-4, 9.50%, 10/31/16 | 746 | 761,590 |
| Penn National Gaming, Inc., Term Loan B, 2.01% 2.24%, 10/03/12 | 566 | 552,251 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | 1,120 | 1,120,737 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 6.00%, 6/30/16 | 822 | 812,894 |
| Travelport LLC (FKA Travelport, Inc.): Delayed Draw Term Loan, 2.76%, 8/23/13 | 220 | 208,734 |
| Original Post-First Amendment and Restatement Synthetic Letter of Credit Loan, 3.03%, 8/23/13 | 21 | 19,590 |
| Tranche B Dollar Term Loan, 2.76%, 8/23/13 | 114 | 107,887 |
| Universal City Development Partners, Ltd., Term Loan, 5.50%, 11/16/14 | 496 | 497,003 |
| VML US Finance LLC (FKA Venetian Macau): Term B Delayed Draw Project Loan, 5.04%, 5/25/12 | 414 | 407,125 |
| Term B Funded Project Loan, 5.04%, 5/27/13 | 723 | 709,996 |

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6,773,600

IT Services 4.3%

| | | |
|--|-------|-----------|
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | 746 | 663,493 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | 450 | 439,875 |
| First Data Corp.: | | |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | 168 | 143,516 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | 501 | 426,755 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | 1,451 | 1,237,338 |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Incremental Term Loan, 6.75%, 2/28/14 | 1,037 | 1,035,523 |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17 | 1,250 | 1,261,329 |
| | | 5,207,829 |

Independent Power Producers & Energy Traders 1.1%

| | | |
|--|-------|-----------|
| Dynegy Holdings, Inc.: | | |
| Term Letter of Credit Facility, 4.02%, 4/02/13 | 204 | 200,689 |
| Tranche B Term Loan, 4.02%, 4/02/13 | 16 | 16,073 |
| Texas Competitive Electric Holdings Co., LLC (TXU), Initial Tranche B-3 Term Loan, 3.79% 4.03%, 10/10/14 | 1,454 | 1,096,171 |
| | | 1,312,933 |

Industrial Conglomerates 1.8%

| | | |
|---|-------|-----------|
| Sequa Corp., Term Loan, 3.79%, 12/03/14 | 2,339 | 2,151,724 |
|---|-------|-----------|

See Notes to Financial Statements.

14 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust (BHL)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Floating Rate Loan Interests (c) | | | |
| Insurance 0.6% | | | |
| Alliant Holdings I, Inc., Term Loan, 3.53%, 8/21/14 | USD | 716 | \$ 680,253 |
| Internet & Catalog Retail 0.2% | | | |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | | 191 | 191,058 |
| Machinery 1.0% | | | |
| LN Acquisition Corp. (Lincoln Industrial): | | | |
| Delayed Draw Term Loan (First Lien), 3.52%, 7/11/14 | | 245 | 233,088 |
| Initial U.S. Term Loan (First Lien), 3.52%, 7/11/14 | | 637 | 604,871 |
| Oshkosh Truck Corp., Term Loan B, 6.44% 6.54%, 12/06/13 | | 419 | 421,618 |
| | | | 1,259,577 |
| Marine 0.2% | | | |
| Horizon Lines, LLC: | | | |
| Revolving Loan, 3.52% 3.55%, 8/08/12 | | 195 | 166,986 |
| Term Loan, 3.79%, 8/08/12 | | 148 | 134,762 |
| | | | 301,748 |
| Media 17.2% | | | |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), | | | |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | 1,881 | 1,874,539 |
| Cequel Communications, LLC, New Term Loan, 2.30%, 11/05/13 | | 532 | 511,065 |
| Charter Communications Operating, LLC: | | | |
| New Term Loan, 7.25%, 3/06/14 | | 341 | 322,724 |
| Term Loan B1, 2.26%, 3/06/14 | | 449 | 458,778 |
| Term Loan C, 3.79%, 9/06/16 | | 2,569 | 2,456,904 |
| Clarke American Corp., Term Loan B, 2.76%, 6/30/14 | | 619 | 533,832 |
| FoxCo Acquisition Sub, LLC, Term Loan, 7.50%, 7/14/15 | | 652 | 626,686 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 5.79%, 6/12/14 (d) | | 876 | 797,990 |
| Hanley-Wood, LLC, Term Loan, 2.56% 2.63%, 3/10/14 | | 737 | 318,931 |
| Intelsat Corp. (FKA PanAmSat Corp.): | | | |
| Tranche B-2-A Term Loan, 3.03%, 1/03/14 | | 237 | 223,669 |

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| | | | |
|--|-----|-------|------------|
| Tranche B-2-B Term Loan, 3.03%, 1/03/14 | | 237 | 223,601 |
| Tranche B-2-C Term Loan, 3.03%, 1/03/14 | | 237 | 223,601 |
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17 | | 700 | 704,083 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG): | | | |
| Facility B1, 3.52%, 6/28/15 | EUR | 510 | 488,690 |
| Facility C1, 3.77%, 6/30/16 | | 510 | 488,690 |
| Local TV Finance, LLC, Term Loan, 2.27%, 5/07/13 | USD | 224 | 199,037 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC): | | | |
| Tranche D Term Loan, 5.50%, 3/31/17 | | 200 | 195,935 |
| Tranche E Loan, 4.50%, 10/23/17 | | 1,075 | 1,014,513 |
| Newsday, LLC: | | | |
| Fixed Rate Term Loan, 10.50%, 8/01/13 | | 800 | 849,000 |
| Floating Rate Term Loan, 6.78%, 8/01/13 | | 500 | 502,500 |
| Nielsen Finance LLC: | | | |
| Class A Dollar Term Loan, 2.29%, 8/09/13 | | 26 | 24,805 |
| Class B Dollar Term Loan, 4.04%, 5/01/16 | | 1,153 | 1,114,223 |
| Class C Dollar Term Loan, 4.04%, 5/28/16 | | 419 | 401,631 |
| Regal Cinemas Corp., Term Loan, 4.03%, 11/19/16 | | 349 | 344,761 |
| Sinclair Television Group, Inc., New Tranche B Loan, 5.50%, 10/29/15 | | 409 | 409,432 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 1,100 | 1,378,874 |
| Sunshine Acquisition Ltd. (AKA HIT Entertainment), Term Facility, 5.68%, 6/01/12 | USD | 598 | 557,456 |
| TWCC Holdings Corp., Replacement Term Loans, 5.00%, 9/14/15 | | 1,027 | 1,025,658 |
| UPC Financing Partnership, Facility U, 4.64%, 12/31/17 EUR | | 800 | 941,079 |
| Virgin Media Investment Holdings Ltd., Facility B, 4.77%, 12/31/15 | GBP | 750 | 1,115,016 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.60%, 8/09/11 | USD | 703 | 678,516 |
| | | | 21,006,219 |

| Floating Rate Loan Interests (c) | Par | Value |
|---|--------------|--------------|
| | (000) | |

Multi-Utilities 0.2%

| | | | |
|---|-----|-----|----------|
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): | | | |
| Synthetic Letter of Credit, 0.41%, 11/01/13 | USD | 4 | \$ 3,705 |
| Term B Advance (First Lien), 3.06%, 11/01/13 | | 238 | 220,396 |

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| | | | |
|--|-----|-------|-----------|
| | | | 224,101 |
| Multiline Retail 2.6% | | | |
| Dollar General Corp., Tranche B-2 Term Loan, 3.01%, 7/07/14 | | 526 | 505,901 |
| Hema Holding BV, Facility D, 5.65%, 1/01/17 | EUR | 1,800 | 2,109,972 |
| The Neiman Marcus Group, Inc., Term Loan, 2.30%, 4/06/13 | USD | 524 | 496,386 |
| | | | 3,112,259 |
| Oil, Gas & Consumable Fuels 0.3% | | | |
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15 | | 325 | 328,927 |
| Paper & Forest Products 0.6% | | | |
| Georgia-Pacific LLC, Term Loan B, 2.30% 2.53%, 12/23/12 | | 752 | 741,240 |
| Personal Products 0.0% | | | |
| American Safety Razor Co., LLC, Term Loan (First Lien), 6.75%, 7/31/13 | | 43 | 39,646 |
| Pharmaceuticals 1.0% | | | |
| Warner Chilcott Co., LLC, Term Loan A, 6.00%, 10/30/14 | | 459 | 458,018 |
| Warner Chilcott Corp.: | | | |
| Additional Term Loan, 6.25%, 4/30/15 | | 198 | 197,657 |
| Term Loan B-1, 6.25%, 4/30/15 | | 197 | 196,363 |
| Term Loan B-2, 6.25%, 4/30/15 | | 326 | 325,290 |
| Term Loan B-3, 6.50%, 2/20/16 | | 68 | 68,182 |
| Term Loan B-4, 6.50%, 2/20/16 | | 22 | 22,123 |
| | | | 1,267,633 |
| Professional Services 0.8% | | | |
| Booz Allen Hamilton, Inc., Tranche B Term Loan, 7.50%, 7/31/15 | | 983 | 983,728 |
| Real Estate Management & Development 1.7% | | | |
| Realty Corp.: | | | |
| Delayed Draw Term Loan B, 3.30% 3.53%, 10/10/13 | | 1,045 | 901,372 |
| Initial Term Loan B, 3.30%, 10/10/13 | | 588 | 507,692 |
| Synthetic Letter of Credit, 0.11%, 10/10/13 | | 101 | 87,031 |
| Term Facility (Second Lien), 13.50%, 10/15/17 | | 500 | 527,500 |
| | | | 2,023,595 |
| Semiconductors & Semiconductor Equipment 0.2% | | | |
| Freescale Semiconductor, Inc., Extended Maturity Term Loan, 4.56%, 12/01/16 | | 300 | 268,266 |
| Software 0.7% | | | |
| Telcordia Technologies, Inc., Term Loan, 6.75%, | | | |

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| | | | |
|---|-----|-----|-----------|
| 4/30/16 | | 599 | 598,001 |
| Vertafore, Inc., Term Loan B, 6.75%, 7/28/16 | | 305 | 303,094 |
| | | | 901,095 |
| Specialty Retail 2.1% | | | |
| Bass Pro Group LLC, Term Loan, 5.00% 5.75%, 4/10/15 | | 195 | 194,449 |
| Burlington Coat Factory Warehouse Corp., Term Loan, 2.54% 2.66%, 5/28/13 | | 190 | 179,978 |
| General Nutrition Centers, Inc., Term Loan, 2.52% 2.79%, 9/16/13 | | 195 | 184,706 |
| Matalan, Term Loan, 5.57%, 3/24/16 | GBP | 300 | 455,724 |
| Michaels Stores, Inc.: | | | |
| Term Loan B-1, 2.63% 2.81%, 10/31/13 | USD | 511 | 482,103 |
| Term Loan B-2, 4.88% 5.06%, 7/31/16 | | 249 | 240,565 |
| Toys R US, Inc., Term Loan B, 6.00%, 8/17/16 | | 800 | 797,995 |
| | | | 2,535,520 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

15

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust (BHL)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--|---------------|
| Floating Rate Loan Interests (c) | | |
| Textiles, Apparel & Luxury Goods 1.0% | | |
| Hanesbrands, Inc., New Term Loan, 5.25%, 12/10/15 | USD 461 | \$ 463,863 |
| Phillips Van Heusen Corp., US Tranche B Term Loan, 4.75%, 5/06/16 | 790 | 794,537 |
| | | 1,258,400 |
| Wireless Telecommunication Services 3.3% | | |
| Cavtel Holdings, LLC, Term Loan, 10.50%, 12/31/12 (d) | 212 | 200,469 |
| Digicel International Finance Ltd., US Term Loan (Non-Rollover), 3.06%, 3/30/12 | 1,938 | 1,892,350 |
| MetroPCS Wireless, Inc.: | | |
| Tranche B-1 Term Loan, 2.56%, 11/03/13 | 106 | 102,850 |
| Tranche B-2 Term Loan, 3.81%, 11/03/16 | 1,153 | 1,131,072 |
| Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15 | 750 | 750,000 |
| | | 4,076,741 |
| Total Floating Rate Loan Interests 100.8% | | 122,978,259 |
| | Beneficial Interest (000) | |
| Other Interests (e) | | |
| Auto Components 1.0% | | |
| Delphi Debtor-in-Possession Holding Co. LLP | | |
| Class B Membership Interests | (f) | 1,247,163 |
| Total Other Interests 1.0% | | 1,247,163 |
| Total Long-Term Investments | | |
| (Cost \$146,852,174) 120.8% | | 147,396,270 |
| Short-Term Securities | Shares | |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.25% (g)(h) | 1,172,197 | 1,172,197 |
| Total Short-Term Securities | | |
| (Cost \$1,172,197) 0.9% | | 1,172,197 |
| Total Investments (Cost \$148,024,371*) 121.7% | | 148,568,467 |
| Liabilities in Excess of Other Assets (21.7%) | | (26,506,852) |
| Net Assets 100.0% | | \$122,061,615 |

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* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|---------------|
| Aggregate cost | \$148,023,821 |
| Gross unrealized appreciation | \$ 3,598,216 |
| Gross unrealized depreciation | (3,053,570) |
| Net unrealized appreciation | \$ 544,646 |

(a) Non-income producing security.

(b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(c) Variable rate security. Rate shown is as of report date.

(d) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.

(e) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

(f) Amount is less than \$1,000.

(g) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income |
|--|-----------------------------------|-----------------|-----------------------------------|---------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | | 1,172,197 | 1,172,197 | \$4,642 |

(h) Represents the current yield as of report date.

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|---------------------------|--------------------|--|
| EUR 59,000 | USD 74,697 | Citibank NA | 9/15/10 | \$ 69 |
| USD 7,974,576 | EUR 6,309,000 | Citibank NA | 9/15/10 | (20,335) |
| USD 185,370 | EUR 140,000 | Citibank NA | 9/15/10 | 7,959 |
| USD 2,193,452 | GBP 1,423,000 | Royal Bank of Scotland | 10/20/10 | 11,829 |
| Total | | | | \$ (478) |

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

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market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---------------------|---------------------|----------------------|---------------------|----------------------|
| Assets: | | | | |
| Investments in | | | | |
| Securities: | | | | |
| Long-Term | | | | |
| Investments: | | | | |
| Common Stocks | \$ 202,283 | | \$ 270,181 | \$ 472,464 |
| Corporate Bonds | | \$ 22,685,720 | 12,664 | 22,698,384 |
| Floating Rate | | | | |
| Loan Interests | | 102,541,176 | 20,437,083 | 122,978,259 |
| Other Interests | | 1,247,163 | | 1,247,163 |
| Short-Term | | | | |
| Securities | 1,172,197 | | | 1,172,197 |
| Unfunded Loan | | | | |
| Commitments | | | 3,688 | 3,688 |
| Liabilities: | | | | |
| Unfunded Loan | | | | |
| Commitments | | | (50,431) | (50,431) |
| Total | \$ 1,374,480 | \$126,474,059 | \$20,673,185 | \$148,521,724 |

See Notes to Financial Statements.

16 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (concluded)

BlackRock Defined Opportunity Credit Trust (BHL)

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|---------|-----------|---------|-----------|
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 19,857 | | \$ 19,857 |
| Liabilities: | | | | |
| Foreign currency exchange contracts | | (20,335) | | (20,335) |
| Total | | \$ (478) | | \$ (478) |

¹ Derivative financial instruments are foreign currency exchange contracts. Foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Unfunded Loan Commitments | Total |
|---|-------------------|------------------|------------------------------|---------------------------|---------------------|
| Assets/Liabilities: | | | | | |
| Balance, as of August 31, 2009 | | | \$24,495,356 | \$ 60,517 | \$24,555,873 |
| Accrued discounts/premiums | | | 245,232 | | 245,232 |
| Net realized gain (loss) | | | 390,156 | | 390,156 |
| Net change in unrealized appreciation/depreciation ² | | | 3,302,917 | (107,260) | 3,195,657 |
| Purchases | | | 6,258,629 | | 6,258,629 |
| Sales | | | (19,925,222) | | (19,925,222) |
| Transfers in ³ | \$ 270,181 | \$ 12,664 | 12,292,781 | | 12,575,626 |
| Transfers out ³ | | | (6,622,766) | | (6,622,766) |
| Balance, as of August 31, 2010 | \$ 270,181 | \$ 12,664 | \$20,437,083 | \$ (46,743) | \$20,673,185 |

² Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$579,777.

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³ The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

17

Schedule of Investments August 31, 2010

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Asset-Backed Securities | | | |
| North Street Referenced Linked Notes 2000-1 Ltd., Series 2005-8A, Class D, 15.04%, 6/15/41 (a)(b) | USD | 1,350 | \$ 338,985 |
| Total Asset-Backed Securities 0.2% | | | 338,985 |
| Common Stocks (c) | | | |
| Building Products 0.2% | | | |
| Masonite Worldwide Holdings | | 6,589 | 250,382 |
| Capital Markets 0.1% | | | |
| E*Trade Financial Corp. | | 14,300 | 177,463 |
| Chemicals 0.0% | | | |
| Wellman Holdings, Inc. | | 1,613 | 81 |
| Construction Materials 0.1% | | | |
| Nortek, Inc. | | 1,570 | 65,155 |
| Electrical Equipment 0.0% | | | |
| Medis Technologies Ltd. | | 176,126 | 5,460 |
| Hotels, Restaurants & Leisure 0.0% | | | |
| Buffets Restaurants Holdings, Inc. | | 688 | 2,890 |
| Metals & Mining 0.1% | | | |
| Euramax International | | 468 | 154,275 |
| Paper & Forest Products 1.1% | | | |
| Ainsworth Lumber Co. Ltd. | | 286,978 | 672,804 |
| Ainsworth Lumber Co. Ltd. (a) | | 349,782 | 820,045 |
| | | | 1,492,849 |
| Software 0.3% | | | |
| HMH Holdings/EduMedia | | 46,104 | 230,519 |
| TiVo, Inc. | | 17,975 | 141,284 |
| | | | 371,803 |
| Total Common Stocks 1.9% | | | 2,520,358 |
| Corporate Bonds | | | |
| Airlines 0.5% | | | |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | USD | 285 | 299,325 |
| United Air Lines, Inc., 12.75%, 7/15/12 | | 297 | 331,557 |
| | | | 630,882 |

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Auto Components 0.1%

| | | |
|--|-----|---------|
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | 13 | 12,664 |
| Icahn Enterprises LP, 7.75%, 1/15/16 | 105 | 104,213 |
| | | 116,877 |

Building Products 2.5%

| | | |
|---|-------|-----------|
| Building Materials Corp. of America, 7.00%, 2/15/20 (a) | 400 | 398,000 |
| CPG International I, Inc., 7.50%, 7/01/12 (b) | 2,500 | 2,415,625 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 400 | 412,000 |
| | | 3,225,625 |

Capital Markets 0.3%

| | | |
|---|-----|---------|
| E*Trade Financial Corp., 3.95%, 8/31/19 (a)(d)(e) | 83 | 99,600 |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (a) | 649 | 240,130 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(f) | 180 | 16,162 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (a)(f) | 197 | 17,686 |
| | | 373,578 |

Chemicals 1.1%

| | | |
|---|-----|-----------|
| CF Industries, Inc., 6.88%, 5/01/18 | 445 | 468,362 |
| Wellman Holdings, Inc., Subordinate Note (d): (Second Lien), 10.00%, 1/29/19 (a) | 894 | 777,780 |
| (Third Lien), 5.00%, 1/29/19 (f) | 294 | 114,483 |
| | | 1,360,625 |

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Corporate Bonds | | | |
| Commercial Banks 0.7% | | | |
| CIT Group, Inc., 7.00%, 5/01/17 | USD | 705 | \$ 662,920 |
| Glitnir Banki HF (c)(g): | | | |
| 4.15%, 4/20/10 (a) | | 65 | 18,525 |
| 6.38%, 9/25/12 (a) | | 365 | 104,025 |
| Series EMTN, 5.07%, 1/27/10 | EUR | 100 | 35,483 |
| Series EMTN, 3.00%, 6/30/10 | | 120 | 42,580 |
| | | | 863,533 |
| Commercial Services & Supplies 0.5% | | | |
| Clean Harbors, Inc., 7.63%, 8/15/16 | USD | 400 | 410,000 |
| The Geo Group, Inc., 7.75%, 10/15/17 (a) | | 250 | 257,500 |
| | | | 667,500 |
| Construction Materials 0.5% | | | |
| Nortek, Inc., 11.00%, 12/01/13 | | 639 | 672,899 |
| Consumer Finance 0.4% | | | |

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| | | | |
|---|-----|-----|-----------|
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a) | | 450 | 461,250 |
| Containers & Packaging 0.7% | | | |
| Berry Plastics Corp., 9.50%, 5/15/18 (a) | | 260 | 239,200 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | | 45 | 42,862 |
| Smurfit Kappa Acquisitions (a): | | | |
| 7.25%, 11/15/17 | EUR | 250 | 323,149 |
| 7.75%, 11/15/19 | | 240 | 311,744 |
| | | | 916,955 |
| Diversified Financial Services 1.6% | | | |
| Ally Financial Inc.: | | | |
| 6.88%, 9/15/11 | USD | 150 | 152,625 |
| 8.30%, 2/12/15 (a) | | 120 | 124,800 |
| 7.50%, 9/15/20 (a) | | 370 | 366,300 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 90 | 90,112 |
| FCE Bank Plc, 7.13%, 1/16/12 | EUR | 400 | 524,642 |
| GMAC, Inc.: | | | |
| 5.38%, 6/06/11 | | 110 | 139,049 |
| 7.50%, 12/31/13 | | 20 | 20,425 |
| 8.00%, 3/15/20 (a) | | 30 | 30,750 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (a) | | 400 | 403,000 |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (a) | | 200 | 257,249 |
| | | | 2,108,952 |
| Diversified Telecommunication Services 0.9% | | | |
| Frontier Communications Corp., 8.25%, 4/15/17 | USD | 290 | 306,675 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | | 300 | 295,500 |
| Qwest Corp., 8.38%, 5/01/16 | | 500 | 582,500 |
| | | | 1,184,675 |
| Energy Equipment & Services 0.5% | | | |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (a) | | 750 | 701,250 |
| Food & Staples Retailing 0.1% | | | |
| Rite Aid Corp., 8.00%, 8/15/20 (a) | | 130 | 129,187 |
| Food Products 0.7% | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | | 300 | 308,625 |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (a) | | 220 | 232,650 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (a) | | 320 | 357,200 |
| | | | 898,475 |
| Health Care Providers & Services 0.2% | | | |
| HCA, Inc., 7.25%, 9/15/20 | | 235 | 245,575 |
| Health Care Technology 0.4% | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (a) | | 400 | 463,500 |
| Hotels, Restaurants & Leisure 1.1% | | | |

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Little Traverse Bay Bands of Odawa Indians, 10.25%,

| | | |
|--|-----|-----------|
| 2/15/14 (a)(c)(g) | 800 | 270,000 |
| MGM Resorts International, 11.13%, 11/15/17 | 390 | 435,825 |
| Travelport LLC, 5.16%, 9/01/14 (b) | 810 | 751,275 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(c)(g) | 120 | 88 |
| | | 1,457,188 |

See Notes to Financial Statements.

18 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Corporate Bonds | | | |
| Household Durables 0.4% | | | |
| Beazer Homes USA, Inc., 12.00%, 10/15/17 | USD | 500 | \$ 563,125 |
| IT Services 0.2% | | | |
| SunGard Data Systems, Inc., 4.88%, 1/15/14 | | 300 | 287,250 |
| Independent Power Producers & Energy Traders 1.2% | | | |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (a) | | 750 | 787,500 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (a) | | 400 | 385,201 |
| NRG Energy, Inc.: | | | |
| 7.25%, 2/01/14 | | 380 | 387,600 |
| 7.38%, 2/01/16 | | 55 | 55,413 |
| | | | 1,615,714 |
| Industrial Conglomerates 0.6% | | | |
| Sequa Corp., 13.50%, 12/01/15 (a)(f) | | 722 | 750,432 |
| Insurance 0.3% | | | |
| USI Holdings Corp., 4.25%, 11/15/14 (a)(b) | | 490 | 415,275 |
| Leisure Equipment & Products 0.3% | | | |
| Brunswick Corp., 11.25%, 11/01/16 (a) | | 295 | 337,037 |
| Machinery 1.0% | | | |
| ESCO Corp., 4.41%, 12/15/13 (a)(b) | | 920 | 837,200 |
| Titan International, Inc., 8.00%, 1/15/12 | | 460 | 478,400 |
| | | | 1,315,600 |
| Media 2.6% | | | |
| Affinion Group, Inc., 10.13%, 10/15/13 (h) | | 550 | 563,750 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | | 180 | 196,650 |
| Clear Channel Worldwide Holdings, Inc., Series B, 9.25%, 12/15/17 | | 774 | 811,733 |
| DISH DBS Corp., 7.00%, 10/01/13 | | 375 | 390,469 |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (a) | EUR | 91 | 107,247 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (a) | USD | 225 | 214,875 |
| UPC Germany GmbH, 8.13%, 12/01/17 (a) | | 1,000 | 1,027,500 |
| | | | 3,312,224 |
| Metals & Mining 0.8% | | | |
| Aleris International, Inc. (c)(g): | | | |

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| | | |
|--|-------|-----------|
| 9.00%, 12/15/14 | 370 | 740 |
| 10.00%, 12/15/16 | 500 | 190 |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(g) | 1,390 | 14,943 |
| Ryerson, Inc., 7.84%, 11/01/14 (b) | 1,075 | 997,062 |
| | | 1,012,935 |

Multiline Retail 0.4%

| | | |
|-----------------------|-----|---------|
| Dollar General Corp.: | | |
| 10.63%, 7/15/15 | 200 | 219,500 |
| 11.88%, 7/15/17 (f) | 215 | 247,250 |
| | | 466,750 |

Oil, Gas & Consumable Fuels 0.6%

| | | |
|---|-----|---------|
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a) | 150 | 154,125 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (a) | 625 | 626,562 |
| | | 780,687 |

Paper & Forest Products 1.0%

| | | |
|---|-----|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(f) | 703 | 600,990 |
| Clearwater Paper Corp., 10.63%, 6/15/16 | 190 | 213,750 |
| NewPage Corp., 11.38%, 12/31/14 | 250 | 203,125 |
| Verso Paper Holdings LLC: | | |
| 11.50%, 7/01/14 | 160 | 168,800 |
| Series B, 4.22%, 8/01/14 (b) | 170 | 139,400 |
| | | 1,326,065 |

Pharmaceuticals 0.2%

| | | |
|--|-----|---------|
| Angiotech Pharmaceuticals, Inc., 4.29%, 12/01/13 (b) | 305 | 246,287 |
|--|-----|---------|

Software 0.0%

| | | |
|---|-----|--------|
| BMS Holdings, Inc., 8.59%, 2/15/12 (a)(f) | 511 | 10,211 |
|---|-----|--------|

Textiles, Apparel & Luxury Goods 0.2%

| | | |
|---|-----|---------|
| Phillips-Van Heusen Corp., 7.38%, 5/15/20 | 280 | 288,400 |
|---|-----|---------|

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Wireless Telecommunication Services 1.8% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | USD 850 | \$ 877,625 |
| Digicel Group Ltd. (a): | | |
| 9.13%, 1/15/15 (f) | 279 | 280,395 |
| 8.25%, 9/01/17 | 100 | 103,875 |
| iPCS, Inc., 2.59%, 5/01/13 (b) | 200 | 187,000 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 375 | 374,062 |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (a) | 325 | 308,750 |
| Sprint Capital Corp., 8.38%, 3/15/12 | 175 | 185,063 |

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| | | | |
|--|--------------|-------|------------|
| | | | 2,316,770 |
| Total Corporate Bonds | 24.4% | | 31,523,288 |
| Floating Rate Loan Interests (b) | | | |
| Aerospace & Defense 1.7% | | | |
| DynCorp International, Term Loan, 6.25%, 7/07/16 | | 600 | 595,350 |
| Hawker Beechcraft Acquisition Co., LLC: | | | |
| Letter of Credit Linked Deposit, 0.43%, 3/26/14 | | 45 | 35,806 |
| Term Loan, 2.26% 2.53%, 3/26/14 | | 754 | 600,461 |
| TASC, Inc.: | | | |
| Tranche A Term Loan, 5.50%, 12/18/14 | | 323 | 323,269 |
| Tranche B Term Loan, 5.75%, 12/18/15 | | 657 | 658,342 |
| | | | 2,213,228 |
| Auto Components 3.3% | | | |
| Affinion Group Holdings, Inc., Term Loan, 8.51%, 3/01/12 (f) | | 901 | 865,298 |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/09/16 | | 748 | 719,756 |
| Allison Transmission, Inc., Term Loan, 3.04%, 8/07/14 | | 2,450 | 2,257,212 |
| Dana Holding Corp., Term Advance, 4.52% 6.50%, 1/30/15 | | 319 | 313,174 |
| Exide Global Holdings Netherlands C.V., European Borrower Term Loan, 3.94%, 5/15/12 | EUR | 146 | 171,032 |
| | | | 4,326,472 |
| Automobiles 1.2% | | | |
| Ford Motor Co.: | | | |
| Tranche B-1 Term Loan, 3.03%, 12/15/13 | USD | 1,600 | 1,538,633 |
| Tranche B-2 Term Loan, 3.03%, 12/15/13 | | 24 | 22,720 |
| | | | 1,561,353 |
| Building Products 1.6% | | | |
| Building Materials Corp. of America, Term Loan Advance, 3.06%, 2/22/14 | | 394 | 386,594 |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | | 1,310 | 1,314,784 |
| Momentive Performance Materials (Blitz 06-103 GmbH), Tranche B-2 Term Loan, 2.88%, 12/04/13 | EUR | 320 | 371,727 |
| | | | 2,073,105 |
| Capital Markets 0.3% | | | |
| Nuveen Investments, Inc., Term Loan (First Lien), 3.48% 3.53%, 11/13/14 | USD | 475 | 419,336 |
| Chemicals 5.1% | | | |
| CF Industries, Inc., Term Loan B-1, 4.50%, 4/05/15 | | 486 | 488,651 |
| Chemtura Corp.: | | | |

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| | | | |
|--|-----|-----|---------|
| Debtor in Possession Term Facility, 6.00%, 2/11/11 | | 800 | 798,000 |
| Exit Term Loan, 0.0%, 8/16/16 | | 700 | 702,917 |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%, 10/29/14 | | 362 | 362,077 |
| Huish Detergents, Inc., Tranche B Term Loan, 2.02%, 4/26/14 | | 239 | 226,381 |
| Lyondell Chemical Co., Exit Term Loan, 5.50%, 4/08/16 | | 245 | 246,701 |
| MacDermid, Inc., Tranche C Term Loan, 2.27%, 4/12/14 | EUR | 237 | 273,841 |
| Nalco Co., Term Loan, 6.50%, 5/13/16 | USD | 619 | 620,812 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

19

Schedule of Investments (continued)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Chemicals (concluded) | | |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan (First Lien), 3.52% - 3.73%, 7/30/14 | USD 988 | \$ 903,835 |
| Rockwood Specialties Group, Inc., Term Loan H, 6.00%, 5/15/14 | 607 | 606,932 |
| Solutia, Inc., Term Loan, 4.75%, 3/17/17 | 608 | 607,113 |
| Tronox Worldwide LLC: | | |
| Tranche B-1 Term Loan, 11.25%, 9/20/10 | 631 | 635,712 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10 | 169 | 170,788 |
| | | 6,643,760 |
| Commercial Banks 1.2% | | |
| CIT Group, Inc., Tranche 3 Term Loan, 6.25%, 8/11/15 | 1,525 | 1,520,029 |
| Commercial Services & Supplies 5.8% | | |
| ARAMARK Corp.: | | |
| Letter of Credit-1 Facility, 0.11%, 1/26/14 | 14 | 13,073 |
| Letter of Credit-2 Facility, 0.11%, 7/26/16 | 22 | 20,890 |
| US Term Loan, 2.41%, 1/26/14 | 191 | 180,771 |
| US Term Loan B, 3.78%, 7/26/16 | 328 | 317,648 |
| AWAS Finance Luxembourg Sarl, Term Loan, 7.75%, 6/10/16 | 675 | 678,937 |
| Advanced Disposal Services, Inc., Term Loan B, 6.00%, 1/14/15 | 498 | 497,500 |
| Altegrity, Inc., Incremental Term Loan, 7.75%, 2/21/15 | 850 | 846,812 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | 396 | 397,980 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | 550 | 552,979 |
| Diversey, Inc. (FKA Johnson Diversey, Inc.), Tranche B Dollar Term Loan, 5.50%, 11/24/15 | 423 | 421,818 |
| International Lease Finance Corp., Term Loan 1, 6.75%, 3/17/15 | 1,025 | 1,033,115 |
| Protection One, Inc., Term Loan, 6.00%, 6/04/16 | 750 | 741,563 |
| Quad Graphics, Term Loan, 5.50%, 4/20/16 | 300 | 286,200 |
| Synagro Technologies, Inc., Term Loan (First Lien), | | |

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| | | | |
|--|-----|--------------|--------------|
| 2.27% 2.28%, 4/02/14 | | 718 | 606,374 |
| West Corp., Incremental Term Loan B-3, 7.25%, 10/24/13 | | 911 | 907,957 |
| | | | 7,503,617 |
| Communications Equipment 0.1% | | | |
| Sorenson Communications, Tranche C Term Loan, 6.00%, 8/16/13 | | 124 | 110,911 |
| Construction & Engineering 0.7% | | | |
| Aquilex Holdings LLC, Term Loan, 5.50%, 4/01/16 | | 100 | 99,334 |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | | 800 | 800,000 |
| | | | 899,334 |
| Construction Materials 0.3% | | | |
| Fairmount Minerals Ltd., Term Loan B, 6.25%, 8/05/16 | | 425 | 425,177 |
| Consumer Finance 2.7% | | | |
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15 | | 2,000 | 1,976,250 |
| Daimler Chrysler Financial Services Americas LLC, Term Loan (Second Lien), 6.78%, 8/05/13 | | 1,504 | 1,499,035 |
| | | | 3,475,285 |
| Containers & Packaging 0.7% | | | |
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | | 322 | 318,850 |
| BWAY Holding Co., Term Loan B, 5.50% 6.00%, 6/16/17 | | 151 | 150,669 |
| Berry Plastics Holding Corp., Term Loan C, 2.38%, 4/03/15 | | 411 | 374,257 |
| ICL Industrial Containers ULC/ICL Contenants Industriels ULC (FKA BWAY) Term Loan C, 5.50% 6.00%, 6/16/17 | | 14 | 14,134 |
| | | | 857,910 |
| Diversified Consumer Services 3.3% | | | |
| Coinmach Service Corp., Term Loan, 3.35%, 11/14/14 | | 1,461 | 1,273,954 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | | 2,135 | 2,099,111 |
| | | | |
| | | Par | Value |
| Floating Rate Loan Interests (b) | | (000) | |
| Diversified Consumer Services (concluded) | | | |
| ServiceMaster Co.: | | | |
| Closing Date Loan, 2.77% 3.04%, 7/24/14 | USD | 914 | \$ 840,063 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | | 91 | 83,658 |
| | | | 4,296,786 |

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Diversified Financial Services 1.9%

| | | | |
|--|-----|-----|-----------|
| MSCI, Inc., Term Loan, 4.75%, 6/01/16 | | 998 | 1,000,410 |
| Reynolds Group Holdings, Inc.: | | | |
| Incremental US Term Loan, 6.25%, 5/05/16 | | 400 | 397,167 |
| US Term Loan, 6.25%, 5/05/16 | | 596 | 593,120 |
| Whitelabel IV SA: | | | |
| Term Loan B1, 0.0%, 8/11/17 | EUR | 160 | 200,837 |
| Term Loan B2, 0.0%, 8/11/17 | | 265 | 332,358 |
| | | | 2,523,892 |

Diversified Telecommunication Services 3.2%

| | | | |
|--|-----|-------|-----------|
| Cincinnati Bell Inc., Tranche B Term Loan, 6.50%, 6/11/17 | USD | 698 | 693,013 |
| Hawaiian Telcom Communications, Inc., Tranche C Term Loan, 4.75%, 5/30/14 (f) | | 1,548 | 1,083,548 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | | 825 | 822,938 |
| Level 3 Communications, Incremental Term Loan, 2.53% 2.78%, 3/13/14 | | 1,450 | 1,298,882 |
| Wind Telecomunicazioni SpA: | | | |
| Term Loan Facility B2, 4.66%, 5/26/14 | | 149 | 144,587 |
| Term Loan Facility C2, 3.66%, 5/24/13 | | 149 | 144,587 |
| | | | 4,187,555 |

Electric Utilities 1.2%

| | | | |
|--|--|-------|-----------|
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | | 1,500 | 1,515,000 |
|--|--|-------|-----------|

Electrical Equipment 0.5%

| | | | |
|--|--|-----|---------|
| Baldor Electric Co., Term Loan, 5.25% 5.50%, 1/31/14 | | 668 | 668,286 |
|--|--|-----|---------|

Electronic Equipment, Instruments & Components 1.5%

| | | | |
|---|--|-----|-----------|
| CDW LLC (FKA CDW Corp.), Term Loan, 4.28%, 10/10/14 | | 598 | 535,100 |
| Flextronics International Ltd.: | | | |
| Closing Date Term Loan B, 2.56%, 10/01/12 | | 518 | 498,691 |
| Delayed Draw Term Loan A-2, 2.51%, 10/01/14 | | 21 | 19,419 |
| Delayed Draw Term Loan A-3, 2.56%, 10/01/14 | | 24 | 22,656 |
| Styron Sarl, Term Loan, 7.50%, 6/17/16 | | 800 | 806,248 |
| | | | 1,882,114 |

Energy Equipment & Services 0.4%

| | | | |
|--|--|-----|---------|
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | | 544 | 542,837 |
|--|--|-----|---------|

Food & Staples Retailing 2.8%

| | | | |
|--|-----|-----|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.55%, 7/09/15 | GBP | 750 | 1,070,007 |
|--|-----|-----|-----------|

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| | | | |
|--|-----|-------|-----------|
| Bolthouse Farms, Inc., Term Loan (First Lien), 5.50%, 2/11/16 | USD | 549 | 545,602 |
| Pierre Foods, Term Loan, 7.00%, 3/03/16 | | 512 | 510,382 |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | | 1,294 | 1,295,691 |
| Rite Aid Corp., Term Loan B, 6.00%, 7/09/14 | | 230 | 222,180 |
| | | | 3,643,862 |
| Food Products 3.0% | | | |
| CII Investment, LLC (FKA Cloverhill): | | | |
| Term Loan A, 8.50%, 10/14/14 | | 408 | 407,707 |
| Term Loan B, 8.50%, 10/14/14 | | 496 | 495,864 |
| Dole Food Co., Inc., Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17 | | 307 | 307,069 |
| Michael Foods Group, Inc. (FKA M-Foods Holdings, Inc.) | | | |
| Term Loan B, 6.25%, 6/29/16 | | 500 | 500,357 |
| Pilgrim s Pride Corp., Term Loan A, 5.53%, 12/01/12 | | 630 | 623,700 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | | 774 | 774,467 |
| Solvest Ltd. (Dole) Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17 | | 756 | 757,361 |
| | | | 3,866,525 |

See Notes to Financial Statements.

20 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Health Care Equipment & Supplies 0.9% | | |
| Biomet, Inc., Dollar Term Loan, 3.26% 3.54%, 3/25/15 | USD 329 | \$ 317,823 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | 469 | 445,076 |
| Fresenius SE: Tranche C-1 Dollar Term Loan, 4.50%, 9/10/14 | 285 | 285,720 |
| Tranche C-2 Term Loan, 4.50%, 9/10/14 | 151 | 151,269 |
| | | 1,199,888 |
| Health Care Providers & Services 5.7% | | |
| CHS/Community Health Systems, Inc.: | | |
| Delayed Draw Term Loan, 2.55%, 7/25/14 | 80 | 75,355 |
| Term Loan Facility, 2.55%, 7/25/14 | 1,555 | 1,465,875 |
| DaVita, Inc., Tranche B-1 Term Loan, 1.77% 2.04%, 10/05/12 | 300 | 295,373 |
| Gentiva Health Services, Inc., Term Loan B, 6.75%, 8/12/16 | 500 | 493,438 |
| HCA, Inc.: | | |
| Tranche A-1 Term Loan, 2.03%, 11/16/12 | 1,307 | 1,257,429 |
| Tranche B-1 Term Loan, 2.78%, 11/18/13 | 172 | 165,190 |
| Tranche B-2 Term Loan, 3.78%, 3/31/17 | 232 | 224,309 |
| Harden Healthcare LLC: | | |
| Add-on Term Loan, 7.75%, 3/02/15 | 635 | 622,300 |
| Tranche A Term Loan, 8.50%, 2/22/15 | 396 | 388,436 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16 | 1,100 | 1,097,937 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 6.00%, 6/03/16 | 525 | 525,000 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 803 | 793,359 |
| | | 7,404,001 |
| Health Care Technology 0.8% | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, | | |

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| | | | |
|--|-----|--------------|--------------|
| 5.25%, 2/26/16 | | 993 | 995,150 |
| Hotels, Restaurants & Leisure 5.3% | | | |
| Harrah's Operating Co., Inc., Term Loan B-4, 9.50%, 10/31/16 | | 1,493 | 1,523,180 |
| Penn National Gaming, Inc., Term Loan B, 2.01% 2.17%, 10/03/12 | | 425 | 414,532 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | | 1,120 | 1,120,737 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 6.00%, 6/30/16 | | 895 | 884,620 |
| Travelport LLC (FKA Travelport, Inc.): | | | |
| Delayed Draw Term Loan, 2.76%, 8/23/13 | | 230 | 218,222 |
| Original Post-First Amendment and Restatement | | | |
| Synthetic Letter of Credit Loan, 3.03%, 8/23/13 | | 22 | 21,042 |
| Tranche B Dollar Term Loan, 2.76%, 8/23/13 | | 123 | 115,879 |
| Universal City Development Partners Ltd.: | | | |
| Loan, 7.75%, 11/06/14 | | 746 | 749,981 |
| Term Loan, 5.50%, 11/16/14 | | 571 | 571,266 |
| VML US Finance LLC (FKA Venetian Macau): | | | |
| Term B Delayed Draw Project Loan, 5.04%, 5/25/12 | | 300 | 295,251 |
| Term B Funded Project Loan, 5.04%, 5/27/13 | | 866 | 850,957 |
| | | | 6,765,667 |
| IT Services 4.1% | | | |
| Audio Visual Services Group, Inc., Tranche B Term Loan (First Lien), 2.79%, 2/28/14 | | | |
| | | 742 | 549,351 |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | | 980 | 871,984 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | | 400 | 391,000 |
| First Data Corp.: | | | |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | | 96 | 82,009 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | | 1,467 | 1,250,871 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | | 537 | 458,237 |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Incremental Term Loan, 6.75%, 2/28/14 | | | |
| | | 495 | 494,255 |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17 | | 1,250 | 1,261,329 |
| | | | 5,359,036 |
| | | Par | |
| Floating Rate Loan Interests (b) | | (000) | Value |
| Independent Power Producers & Energy Traders 1.0% | | | |
| Dynergy Holdings, Inc.: | | | |
| Term Letter of Credit Facility, 4.02%, 4/02/13 | USD | 227 | \$ 223,023 |

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| | | |
|--|-------|-----------|
| Tranche B Term Loan, 4.02%, 4/02/13 | 18 | 17,862 |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-1 Term Loan, 3.79% 4.03%, 10/10/14 | 1,091 | 826,552 |
| Initial Tranche B-2 Term Loan, 3.79% 4.03%, 10/10/14 | 229 | 173,857 |
| | | 1,241,294 |
| Industrial Conglomerates 1.4% | | |
| Sequa Corp., Term Loan, 3.79%, 12/03/14 | 1,922 | 1,768,398 |
| Insurance 0.3% | | |
| Alliant Holdings I, Inc., Term Loan, 3.53%, 8/21/14 | 478 | 454,290 |
| Internet & Catalog Retail 0.3% | | |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | 382 | 382,115 |
| Leisure Equipment & Products 0.3% | | |
| EB Sports Corp., Loan, 11.50%, 5/01/12 (f) | 448 | 425,959 |
| Machinery 0.4% | | |
| Oshkosh Truck Corp., Term Loan B, 6.44%- 6.54%, 12/06/13 | 481 | 483,155 |
| Marine 0.2% | | |
| Horizon Lines, LLC: | | |
| Revolving Loan, 3.52% 3.55%, 8/08/12 | 195 | 166,986 |
| Term Loan, 3.79%, 8/08/12 | 148 | 134,762 |
| | | 301,748 |
| Media 16.7% | | |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 1,487 | 1,482,404 |
| Cequel Communications, LLC, New Term Loan, 2.30%, 11/05/13 | 283 | 271,759 |
| Charter Communications Operating, LLC: | | |
| New Term Loan, 2.26%, 3/06/14 | 349 | 330,469 |
| Term Loan B1, 7.25%, 3/06/14 | 524 | 535,252 |
| Term Loan C, 3.79%, 9/06/16 | 2,590 | 2,477,518 |
| Clarke American Corp., Term Loan B, 2.76%, 6/30/14 | 574 | 494,458 |
| Ellis Communications KDOC, LLC, Loan, 10.00%, 12/30/11 | 1,939 | 727,241 |
| FoxCo Acquisition Sub, LLC, Term Loan, 7.50%, 7/14/15 | 446 | 429,414 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 5.79%, 6/12/14 (f) | 991 | 902,681 |
| Hanley-Wood, LLC, Term Loan, 2.56% 2.63%, 3/10/14 | 742 | 321,082 |
| Intelsat Corp. (FKA PanAmSat Corp.): | | |
| Tranche B-2-A Term Loan, 3.03%, 1/03/14 | 251 | 237,478 |

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| | | | |
|---|-----|-------|-----------|
| Tranche B-2-B Term Loan, 3.03%, 1/03/14 | | 251 | 237,405 |
| Tranche B-2-C Term Loan, 3.03%, 1/03/14 | | 251 | 237,405 |
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17 | | 600 | 603,500 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG), Facility B1, 3.52%, 6/30/15 | EUR | 337 | 322,477 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC): | | | |
| Tranche D Term Loan, 5.50%, 3/31/17 | USD | 721 | 706,591 |
| Tranche E Term Loan, 4.50%, 10/23/17 | | 600 | 566,240 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 2,000 | 2,122,500 |
| Nielsen Finance LLC: | | | |
| Class A Dollar Term Loan, 2.29%, 8/09/13 | | 34 | 32,717 |
| Class B Dollar Term Loan, 4.04%, 5/01/16 | | 1,023 | 988,325 |
| Class C Dollar Term Loan, 4.04%, 5/28/16 | | 552 | 529,722 |
| Penton Media, Inc., Term Loan (First Lien), 5.00%, 8/01/14 (f) | | 971 | 670,010 |
| Regal Cinemas Corp., Term Loan, 4.03%, 11/19/16 | | 349 | 344,761 |
| Sinclair Television Group, Inc., New Tranche B Loan, 5.50%, 10/29/15 | | 614 | 614,147 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 1,000 | 1,253,522 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

21

Schedule of Investments (continued)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Media (concluded) | | |
| Sunshine Acquisition Ltd. (AKA HIT Entertainment), Term Facility, 5.68%, 6/01/12 | USD 473 | \$ 440,742 |
| TWCC Holdings Corp., Replacement Term Loans, 5.00%, 9/14/15 | 997 | 996,087 |
| UPC Financing Partnership, Facility U, 4.63%, 12/31/17 EUR | 800 | 941,079 |
| Virgin Media Investment Holdings Ltd., Facility B, 4.77%, 12/31/15 | GBP 750 | 1,115,016 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.60%, 8/09/11 | USD 703 | 678,516 |
| | | 21,610,518 |
| Metals & Mining 0.9% | | |
| Euramax International, Inc., Domestic Term Loan: 10.00%, 6/29/13 | 643 | 598,262 |
| 3.00%, 6/29/13 (f) | 672 | 624,653 |
| | | 1,222,915 |
| Multi-Utilities 0.2% | | |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): Synthetic Letter of Credit, 0.41%, 11/01/13 | 4 | 4,022 |
| Term B Advance (First Lien), 3.06%, 11/01/13 | 258 | 239,275 |
| | | 243,297 |
| Multiline Retail 2.1% | | |
| Dollar General Corp., Tranche B-2 Term Loan, 3.01% 3.03%, 7/07/14 | 640 | 616,342 |
| Hema Holding BV, Facility D, 5.65%, 1/01/17 | EUR 1,400 | 1,641,089 |
| The Neiman Marcus Group, Inc., Term Loan, 2.30%, 4/06/13 | USD 497 | 471,176 |
| | | 2,728,607 |
| Oil, Gas & Consumable Fuels 1.4% | | |
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15 | 325 | 328,927 |
| Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18 (f) | 1,794 | 1,421,740 |
| | | 1,750,667 |
| Paper & Forest Products 0.5% | | |

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| | | |
|--|--------------|--------------|
| Georgia-Pacific LLC, Term Loan B-2, 2.30% 2.53%, 12/23/12 | 710 | 699,552 |
| Personal Products 0.0% | | |
| American Safety Razor Co., LLC, Term Loan (First Lien), 6.75%, 7/31/13 | 48 | 44,598 |
| Pharmaceuticals 1.0% | | |
| Warner Chilcott Co., LLC, Term Loan A, 6.00%, 10/30/14 Warner Chilcott Corp.: | 367 | 366,269 |
| Additional Term Loan, 6.25%, 4/30/15 | 210 | 209,777 |
| Term Loan B-1, 6.25%, 4/30/15 | 154 | 153,795 |
| Term Loan B-2, 6.25%, 4/30/15 | 255 | 254,407 |
| Term Loan B-3, 6.50%, 2/20/16 | 208 | 208,333 |
| Term Loan B-4, 6.50%, 2/20/16 | 67 | 67,599 |
| | | 1,260,180 |
| Professional Services 0.8% | | |
| Booz Allen Hamilton, Inc., Tranche C Term Loan, 6.00%, 7/31/15 | 995 | 994,751 |
| Real Estate Management & Development 1.8% | | |
| Realogy Corp.: | | |
| Delayed Draw Term Loan B, 3.30% 3.53%, 10/10/13 | 1,344 | 1,159,455 |
| Initial Term Loan B, 3.30%, 10/10/13 | 588 | 507,692 |
| Synthetic Letter of Credit, 0.11%, 10/10/13 | 101 | 87,031 |
| Term Facility (Second Lien), 13.50%, 10/15/17 | 500 | 527,500 |
| | | 2,281,678 |
| Semiconductors & Semiconductor Equipment 0.2% | | |
| Freescale Semiconductor, Inc., Extended Maturity Term Loan B, 4.56%, 12/01/16 | 220 | 196,728 |
| | Par | |
| Floating Rate Loan Interests (b) | (000) | Value |
| Software 0.7% | | |
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16 | USD 599 | \$ 598,001 |
| Vertafore, Inc., Term Loan B, 6.75%, 7/28/16 | 325 | 322,969 |
| | | 920,970 |
| Specialty Retail 1.8% | | |
| Bass Pro Group LLC, Term Loan, 5.00% 5.75%, 4/10/15 | 110 | 109,689 |
| Burlington Coat Factory Warehouse Corp., Term Loan, | | |

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Hotels, Restaurants & Leisure 0.0%

| | | |
|--|-----|---|
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14) | 304 | 3 |
|--|-----|---|

Oil, Gas & Consumable Fuels 0.0%

| | | |
|-----------------------------------|---|--|
| Turbo Cayman Ltd. (No expiration) | 1 | |
|-----------------------------------|---|--|

Software 0.0%

| | | |
|---|-------|--|
| HMH Holdings/EduMedia (Expires 3/09/17) | 4,970 | |
|---|-------|--|

| | | |
|----------------------------|--|----------|
| Total Warrants 0.0% | | 3 |
|----------------------------|--|----------|

Total Long-Term Investments

| | | |
|------------------------------------|--|--------------------|
| (Cost \$176,498,376) 124.2% | | 160,736,123 |
|------------------------------------|--|--------------------|

See Notes to Financial Statements.

22 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

(Percentages shown are based on Net Assets)

| Short-Term Securities | Shares | Value |
|--|------------------|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.25% (m)(n) | 1,822,139 | \$ 1,822,139 |
| Total Short-Term Securities (Cost \$1,822,139) 1.4% | | 1,822,139 |
| Options Purchased | Contracts | |
| Over-the-Counter Call Options 0.0% | | |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, expires 12/21/19, Broker Goldman Sachs Bank USA | 13 | |
| Total Options Purchased (Cost \$12,711) 0.0% | | |
| Total Investments (Cost \$178,333,226*) 125.6% | | 162,558,262 |
| Liabilities in Excess of Other Assets (25.6)% | | (33,173,564) |
| Net Assets 100.0% | | \$129,384,698 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$176,247,509 |
| Gross unrealized appreciation | \$ 4,697,994 |
| Gross unrealized depreciation | (18,387,241) |
| Net unrealized depreciation | \$ (13,689,247) |

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) Non-income producing security.

(d) Convertible security.

(e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(f) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.

(g) Issuer filed for bankruptcy and/or is in default of interest payments.

(h) All or a portion of security has been pledged as collateral in connection with swaps.

(i) Other interests represent beneficial interest in liquidation trusts and other reorgani-

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zation entities and are non-income producing.

(j) Amount is less than \$1,000.

(k) The investment is held by a wholly owned taxable subsidiary of the Fund.

(l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

(m) 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, as amended, were as follows:

| Affiliate | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income |
|--|-----------------------------------|-----------------|-----------------------------------|---------|
| BlackRock Liquidity Funds, TempFund, Institutional Class 2,371,578 | | (549,439) | 1,822,139 | \$4,377 |

(n) Represents the current yield as of report date.

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|------------------|--------------------|--|
| EUR 740,100 | USD 944,751 | Citibank NA | 9/15/10 | \$ (6,879) |
| USD 430,539 | EUR 331,500 | Citibank NA | 9/15/10 | 10,455 |
| USD 5,814,564 | EUR 4,598,500 | Deutsche Bank AG | 9/15/10 | (12,762) |
| CAD 310,100 | USD 294,677 | UBS AG | 10/20/10 | (4,105) |
| USD 960,318 | CAD 1,014,000 | Deutsche Bank AG | 10/20/10 | 10,174 |
| USD 2,597,374 | GBP 1,701,500 | Citibank NA | 10/20/10 | (11,222) |
| Total | | | | \$ (14,339) |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Depreciation |
|--------------------|----------------------|---------------------------|-------------------|-----------------------------|----------------------------|
| Brunswick Corp. | 5.00% | Goldman Sachs Bank USA | September 2014 | USD 100 | \$ (5,270) |

Credit default swaps on single-name issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer | Receive Fixed Rate | Counter- party | Expiration | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Depreciation |
|--------|--------------------------|-------------------|------------|-------------------------------|--|----------------------------|
|--------|--------------------------|-------------------|------------|-------------------------------|--|----------------------------|

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| | | | | | | |
|-------------|-------|----------|-------|---|---------|-------------|
| BAA | 2.00% | Deutsche | March | A | GBP 300 | \$ (16,210) |
| Ferrovial | | Bank AG | 2012 | | | |
| Junior Term | | | | | | |
| Loan | | | | | | |

¹ Using S&P's rating of the issuer.

² The maximum potential amount the Fund may pay should a negative credit event take place under the terms of the agreement. See Note 2 of the Notes to Financial Statements.

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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

23

Schedule of Investments (concluded)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---------------------|---------------------|----------------------|----------------------|----------------------|
| Assets: | | | | |
| Investments in | | | | |
| Securities: | | | | |
| Long-Term | | | | |
| Investments: | | | | |
| Asset-Backed | | | | |
| Securities | | | \$ 338,985 | \$ 338,985 |
| Common Stocks . | \$ 1,315,437 | \$ 974,321 | 230,600 | 2,520,358 |
| Corporate Bonds . | | 30,618,361 | 904,927 | 31,523,288 |
| Floating Rate | | | | |
| Loan Interests | | 100,638,458 | 22,878,826 | 123,517,284 |
| Other Interests | | 1,247,163 | 1,589,042 | 2,836,205 |
| Warrants | | | 3 | 3 |
| Short-Term | | | | |
| Securities | 1,822,139 | | | 1,822,139 |
| Unfunded Loan | | | | |
| Commitments . | | | 3,118 | 3,118 |
| Liabilities: | | | | |
| Unfunded Loan | | | | |
| Commitments . | | | (49,778) | (49,778) |
| Total | \$ 3,137,576 | \$133,478,303 | \$ 25,895,723 | \$162,511,602 |

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---------------------|---------|-----------|---------|-----------|
| Assets: | | | | |
| Foreign currency | | | | |
| exchange | | | | |
| contracts | | \$ 20,629 | | \$ 20,629 |
| Liabilities: | | | | |
| Credit contracts | | (21,480) | | (21,480) |
| Foreign currency | | | | |

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| | | |
|--------------|--------------------|--------------------|
| exchange | | |
| contracts | (34,968) | (34,968) |
| Total | \$ (35,819) | \$ (35,819) |

¹ Derivative financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

| | Asset-Backed | Common | Corporate | Floating | Other | | Unfunded Loan | |
|---|-------------------|-------------------|-------------------|----------------------|------------------|-------------|--------------------|----------------------|
| | Securities | Stocks | Bonds | Rate | Interests | Warrants | Commitments | Total |
| | | | | Loan | | | | |
| | | | | Interests | | | | |
| Assets/Liabilities: | | | | | | | | |
| Balance, as of August 31, 2009 | \$ 528,255 | \$ 5,436 | 1,033,683 | \$ 25,553,048 | \$ 228,602 | 3 | \$ 38,010 | \$ 27,387,037 |
| Accrued discounts/premiums | | | 10,519 | (1,987,234) | | | | (1,976,715) |
| Net realized gain (loss) | | | (10) | (8,793,325) | | | | (8,793,335) |
| Net change in unrealized appreciation/depreciation ² | (189,270) | (2,466) | (162,598) | 12,482,159 | 367,896 | | (84,670) | 12,411,051 |
| Purchases | | | 10,670 | 5,963,590 | | | | 5,974,260 |
| Sales | | | (1) | (22,584,933) | | | | (22,584,934) |
| Transfers in ³ | | 230,519 | 12,664 | 17,285,651 | 992,544 | | | 18,521,378 |
| Transfers out ³ | | (2,889) | | (5,040,130) | | | | (5,043,019) |
| Balance, as of August 31, 2010 | \$ 338,985 | \$ 230,600 | \$ 904,927 | \$ 22,878,826 | 1,589,042 | \$ 3 | \$ (46,660) | \$ 25,895,723 |

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$794,210.

³ The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

24 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments August 31, 2010

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

(Percentages shown are based on Net Assets)

| Common Stocks (a) | Shares | Value |
|--|--------------|------------|
| Building Products 0.2% | | |
| Masonite Worldwide Holdings | 11,335 | \$ 430,730 |
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. | 13,117 | 5,036 |
| Wellman Holdings, Inc. | 430 | 21 |
| | | 5,057 |
| Construction Materials 0.0% | | |
| Nortek, Inc. | 1,540 | 63,910 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. | 71,654 | 2,221 |
| Paper & Forest Products 0.2% | | |
| Ainsworth Lumber Co. Ltd. | 133,089 | 312,020 |
| Ainsworth Lumber Co. Ltd. (b) | 152,951 | 358,586 |
| Western Forest Products, Inc. (b) | 84,448 | 23,362 |
| | | 693,968 |
| Software 0.2% | | |
| HMH Holdings/EduMedia | 93,413 | 467,064 |
| Total Common Stocks 0.6% | | 1,662,950 |
| | Par | |
| | (000) | |
| Corporate Bonds | | |
| Airlines 0.2% | | |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | USD 570 | 598,650 |
| Auto Components 0.9% | | |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | 32 | 31,660 |
| Icahn Enterprises LP: 7.75%, 1/15/16 | 215 | 213,388 |
| 8.00%, 1/15/18 | 2,000 | 1,990,000 |
| | | 2,235,048 |
| Building Products 2.2% | | |
| CPG International I, Inc.: 7.50%, 7/01/12 (c) | 3,500 | 3,381,875 |
| 10.50%, 7/01/13 | 2,300 | 2,297,125 |
| | | 5,679,000 |

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Capital Markets 0.2%

| | | |
|--|-------|-------------------|
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b) | 1,048 | 387,760 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(d) | 475 | 42,782 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(d) | 314 | 28,219 458,761 |

Chemicals 0.9%

| | | |
|---|-----|----------------------|
| CF Industries, Inc., 6.88%, 5/01/18 | 905 | 952,512 |
| GEO Specialty Chemicals, Inc. (b): 7.50%, 3/31/15 (d)(e) | 857 | 557,042 |
| 10.00%, 3/31/15 | 844 | 548,704 |
| Wellman Holdings, Inc., Subordinate Note (Third Lien), 5.00%, 1/29/19 (d)(e) | 464 | 180,985 2,239,243 |

Commercial Banks 1.1%

| | | |
|---------------------------------|-------|-----------|
| CIT Group, Inc., 7.00%, 5/01/17 | 2,990 | 2,811,533 |
|---------------------------------|-------|-----------|

Commercial Services & Supplies 0.5%

| | | |
|--|-----|----------------------|
| Clean Harbors, Inc., 7.63%, 8/15/16 | 800 | 820,000 |
| The Geo Group, Inc., 7.75%, 10/15/17 (b) | 550 | 566,500 1,386,500 |

Construction Materials 0.6%

| | | |
|--------------------------------|-------|-----------|
| Nortek, Inc., 11.00%, 12/01/13 | 1,547 | 1,629,987 |
|--------------------------------|-------|-----------|

| | | Par (000) | Value |
|--|-----|--------------|----------------------|
| Corporate Bonds | | | |
| Consumer Finance 0.5% | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | USD | 360 | \$ 373,050 |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b) | | 915 | 937,875 1,310,925 |
| Containers & Packaging 2.7% | | | |
| Berry Plastics Corp.: | | | |
| 8.25%, 11/15/15 | | 1,600 | 1,604,000 |
| 9.50%, 5/15/18 (b) | | 520 | 478,400 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | | 95 | 90,487 |
| Clondalkin Acquisition BV, 2.54%, 12/15/13 (b)(c) | | 4,000 | 3,490,000 |
| Owens-Brockway Glass Container, Inc., 6.75%, 12/01/14 | EUR | 143 | 183,029 |
| Smurfit Kappa Acquisitions (b): | | | |
| 7.25%, 11/15/17 | | 525 | 678,613 |
| 7.75%, 11/15/19 | | 500 | 649,466 |

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| | | | |
|--|-----|-------|-----------|
| | | | 7,173,995 |
| Diversified Financial Services 1.6% | | | |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | USD | 185 | 185,231 |
| FCE Bank Plc, 7.13%, 1/16/12 | EUR | 900 | 1,180,444 |
| GMAC, Inc., 2.74%, 12/01/14 (c) | USD | 1,875 | 1,611,988 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | | 800 | 806,000 |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (b) | EUR | 400 | 514,499 |
| | | | 4,298,162 |
| Diversified Telecommunication Services 1.0% | | | |
| Frontier Communications Corp., 8.25%, 4/15/17 | USD | 585 | 618,637 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | | 750 | 738,750 |
| Qwest Communications International, Inc., 8.00%, 10/01/15 (b) | | 600 | 645,000 |
| Qwest Corp., 8.38%, 5/01/16 | | 540 | 629,100 |
| | | | 2,631,487 |
| Energy Equipment & Services 0.4% | | | |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b) | | 1,250 | 1,168,750 |
| Food & Staples Retailing 0.2% | | | |
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) | | 250 | 245,000 |
| Rite Aid Corp., 8.00%, 8/15/20 (b) | | 270 | 268,313 |
| | | | 513,313 |
| Food Products 0.7% | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | | 600 | 617,250 |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (b) | | 450 | 475,875 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | | 760 | 848,350 |
| | | | 1,941,475 |
| Health Care Equipment & Supplies 0.5% | | | |
| DJO Finance LLC, 10.88%, 11/15/14 | | 1,245 | 1,333,706 |
| Health Care Providers & Services 0.9% | | | |
| American Renal Holdings, 8.38%, 5/15/18 (b) | | 145 | 145,000 |
| HCA, Inc., 7.25%, 9/15/20 | | 485 | 506,825 |
| Tenet Healthcare Corp.: | | | |
| 9.00%, 5/01/15 | | 175 | 186,375 |
| 8.88%, 7/01/19 | | 1,360 | 1,470,500 |
| | | | 2,308,700 |
| Health Care Technology 0.8% | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (b) | | 1,860 | 2,155,275 |
| Hotels, Restaurants & Leisure 0.4% | | | |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(f) | | 1,565 | 528,188 |
| MGM Resorts International, 10.38%, 5/15/14 | | 490 | 534,100 |

1,062,288

Household Durables 0.5%

Beazer Homes USA, Inc., 12.00%, 10/15/17

1,200

1,351,500

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

25

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|--------------|
| Corporate Bonds | | | |
| Independent Power Producers & Energy Traders 2.1% | | | |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | USD | 1,725 | \$ 1,811,250 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b) | | 1,000 | 963,003 |
| NRG Energy, Inc., 7.25%, 2/01/14 | | 2,730 | 2,784,600 |
| | | | 5,558,853 |
| Industrial Conglomerates 0.6% | | | |
| Sequa Corp., 13.50%, 12/01/15 (b)(d) | | 1,557 | 1,619,629 |
| Media 2.6% | | | |
| Affinion Group, Inc., 10.13%, 10/15/13 | | 1,050 | 1,076,250 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | | 420 | 458,850 |
| Clear Channel Worldwide Holdings, Inc.: 9.25%, 12/15/17 | | 401 | 416,038 |
| Series B, 9.25%, 12/15/17 | | 1,604 | 1,682,195 |
| DISH DBS Corp., 7.00%, 10/01/13 | | 925 | 963,156 |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b) | EUR | 148 | 174,424 |
| UPC Germany GmbH, 8.13%, 12/01/17 (b) | USD | 2,000 | 2,055,000 |
| | | | 6,825,913 |
| Metals & Mining 0.4% | | | |
| FMG Finance Property Ltd., 4.30%, 9/01/11 (b)(c) | | 265 | 265,331 |
| Ryerson, Inc., 7.84%, 11/01/14 (c) | | 900 | 834,750 |
| | | | 1,100,081 |
| Multiline Retail 0.2% | | | |
| Dollar General Corp.: 10.63%, 7/15/15 | | 100 | 109,750 |
| 11.88%, 7/15/17 (d) | | 445 | 511,750 |
| | | | 621,500 |
| Oil, Gas & Consumable Fuels 0.6% | | | |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | | 305 | 313,388 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b) | | 1,260 | 1,263,150 |
| | | | 1,576,538 |
| Paper & Forest Products 0.5% | | | |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(d) | | 1,235 | 1,056,250 |

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| | | |
|---|--------------|--------------|
| Verso Paper Holdings LLC, Series B, 4.22%, 8/01/14 (c) | 340 | 278,800 |
| | | 1,335,050 |
| Pharmaceuticals 0.9% | | |
| Angiotech Pharmaceuticals, Inc., 4.29%, 12/01/13 (c) | 605 | 488,537 |
| Elan Finance Plc, 4.38%, 11/15/11 (c) | 1,820 | 1,817,725 |
| | | 2,306,262 |
| Textiles, Apparel & Luxury Goods 0.1% | | |
| Phillips-Van Heusen Corp., 7.38%, 5/15/20 | 360 | 370,800 |
| Wireless Telecommunication Services 1.8% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | 1,700 | 1,755,250 |
| Digicel Group Ltd., 9.13%, 1/15/15 (b)(d) | 278 | 279,390 |
| iPCS, Inc., 2.59%, 5/01/13 (c) | 1,500 | 1,402,500 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 775 | 773,062 |
| Sprint Capital Corp., 8.38%, 3/15/12 | 375 | 396,563 |
| | | 4,606,765 |
| Total Corporate Bonds 26.6% | | 70,209,689 |
| Floating Rate Loan Interests (c) | | |
| Aerospace & Defense 1.7% | | |
| DynCorp International, Term Loan, 6.25%, 7/07/16 | 1,250 | 1,240,313 |
| Hawker Beechcraft Acquisition Co., LLC: | | |
| Letter of Credit Linked Deposit, 0.43%, 3/26/14 | 98 | 77,879 |
| Term Loan, 2.26% 2.53%, 3/26/14 | 1,600 | 1,274,759 |
| TASC, Inc.: | | |
| Tranche A Term Loan, 5.50%, 12/18/14 | 646 | 646,538 |
| Tranche B Term Loan, 5.75%, 12/18/15 | 1,313 | 1,316,684 |
| | | 4,556,173 |
| | Par | Value |
| Floating Rate Loan Interests (c) | (000) | |
| Airlines 0.4% | | |
| Delta Air Lines, Inc., Credit-Linked Deposit Loan, 0.11 2.28%, 4/30/12 | USD 1,213 | 1,159,453 |
| Auto Components 3.1% | | |
| Affinion Group Holdings, Inc., Term Loan, 8.51%, 3/01/12 | 1,407 | 1,350,716 |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/09/16 | 1,496 | 1,439,512 |
| Allison Transmission, Inc., Term Loan, 3.04%, 8/07/14 | 4,674 | 4,306,791 |
| Dana Holding Corp., Term Advance, 4.52% 6.50%, 1/30/15 | 765 | 750,445 |

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| | | | |
|--|-----|-------|-----------|
| Exide Global Holdings Netherlands C.V., European Borrower, Term Loan, 3.94%, 5/15/12 | EUR | 316 | 370,569 |
| GPX International Tire Corp., (a)(f): PIK Fee 12.00%, 4/11/12 | USD | 9 | |
| Tranche B Term Loan 10.25%, 3/30/12 | | 549 | |
| | | | 8,218,033 |
| Automobiles 1.2% | | | |
| Ford Motor Co.: | | | |
| Tranche B-1 Term Loan, 3.03%, 12/15/13 | | 3,243 | 3,119,966 |
| Tranche B-2 Term Loan, 3.03%, 12/15/13 | | 91 | 87,542 |
| | | | 3,207,508 |
| Building Products 2.0% | | | |
| Building Materials Corp. of America, Term Loan Advance, 3.06%, 2/22/14 | | 701 | 688,101 |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | | 2,717 | 2,726,590 |
| Momentive Performance Materials (Blitz 06-103 GmbH), Tranche B-2 Term Loan, 2.88%, 12/04/13 | EUR | 655 | 760,878 |
| PGT Industries, Inc., Tranche A-2 Term Loan, 7.25%, 2/14/12 | USD | 1,133 | 1,047,569 |
| | | | 5,223,138 |
| Capital Markets 0.3% | | | |
| Nuveen Investments, Inc., Term Loan (First Lien), 3.48% 3.53%, 11/13/14 | | 975 | 860,743 |
| Chemicals 6.0% | | | |
| CF Industries, Inc., Term Loan B-1, 4.50%, 4/05/15 | | 949 | 953,926 |
| Chemtura Corp.: | | | |
| Debtor in Possession Term Facility, 6.00%, 2/11/11 | | 1,600 | 1,596,000 |
| Exit Term Loan, 5.50%, 8/16/16 | | 1,400 | 1,405,834 |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%, 10/29/14 | | 815 | 814,673 |
| Huish Detergents, Inc., Tranche B Term Loan, 2.02%, 4/26/14 | | 711 | 672,018 |
| Lyondell Chemical Co., Exit Term Loan, 5.50%, 4/08/16 | | 590 | 594,097 |
| MacDermid, Inc., Tranche C Term Loan, 2.27%, 4/12/14 | EUR | 546 | 629,834 |
| Nalco Co., Term Loan, 6.50%, 5/13/16 | USD | 2,426 | 2,433,584 |
| PQ Corp., (FKA Niagara Acquisition, Inc.), Term Loan (First Lien), 3.52% 3.73%, 7/30/14 | | 2,412 | 2,205,781 |
| Rockwood Specialties Group, Inc., Term Loan H, 6.00%, 5/15/14 | | 1,277 | 1,276,650 |
| Solutia, Inc., Term Loan, 4.75%, 3/17/17 | | 1,260 | 1,259,066 |

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Tronox Worldwide LLC:

| | | |
|--|-------|------------|
| Tranche B-1 Term Loan, 11.25%, 9/20/10 | 1,458 | 1,470,083 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10 | 392 | 394,948 |
| | | 15,706,494 |

Commercial Banks 0.9%

| | | |
|--|-------|-----------|
| CIT Group, Inc., Tranche 3 Term Loan, 6.25%, 8/11/15 | 2,500 | 2,491,850 |
|--|-------|-----------|

Commercial Services & Supplies 6.2%

ARAMARK Corp.:

| | | |
|--|-------|-----------|
| Letter of Credit-1 Facility, 0.11%, 1/26/14 | 33 | 30,843 |
| Letter of Credit-2 Facility, 0.11%, 7/26/16 | 52 | 50,469 |
| US Term Loan, 2.41%, 1/26/14 | 451 | 426,507 |
| US Term Loan B, 3.78%, 7/26/16 | 792 | 767,410 |
| AWAS Finance Luxembourg Sarl, Term Loan, 7.75%, 6/10/16 | 1,350 | 1,357,874 |

See Notes to Financial Statements.

26 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (c) | | |
| Commercial Services & Supplies (concluded) | | |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan, 3.02%, 10/21/13 | USD 814 | \$ 782,661 |
| Advanced Disposal Services, Inc., Term Loan B, 6.00%, 1/14/15 | 1,095 | 1,094,500 |
| Altegrity, Inc., Incremental Term Loan, 7.75%, 2/21/15 | 1,750 | 1,743,437 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | 743 | 746,212 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | 1,100 | 1,105,959 |
| Diversey, Inc. (FKA Johnson Diversey, Inc.), Tranche B Dollar Term Loan, 5.50%, 11/24/15 | 896 | 893,261 |
| International Lease Finance Corp., Term Loan 1, 6.75%, 3/17/15 | 2,125 | 2,141,824 |
| Protection One, Inc., Term Loan, 6.00%, 6/04/16 | 1,480 | 1,463,350 |
| Quad Graphics, Term Loan, 5.50%, 4/20/16 | 575 | 548,550 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27% 2.28%, 4/02/14 | 1,556 | 1,314,783 |
| West Corp., Incremental Term Loan B-3, 7.25%, 10/24/13 | 1,825 | 1,818,431 |
| | | 16,286,071 |
| Communications Equipment 0.1% | | |
| Sorenson Communications Tranche C Term Loan, 6.00%, 8/16/13 | 249 | 221,822 |
| Construction & Engineering 0.7% | | |
| Aquilex Holdings LLC, Term Loan, 5.50%, 4/01/16 | 200 | 198,669 |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | 1,700 | 1,700,000 |
| | | 1,898,669 |
| Construction Materials 0.3% | | |
| Fairmount Minerals Ltd., Term Loan B, 6.25%, 8/05/16 | 875 | 875,365 |
| Consumer Finance 2.7% | | |
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15 | 4,000 | 3,952,500 |
| Daimler Chrysler Financial Services Americas LLC, | | |

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| | | |
|---|-------|-----------|
| Term Loan (Second Lien), 6.78%, 8/05/13 | 3,193 | 3,181,167 |
| | | 7,133,667 |

Containers & Packaging 0.8%

| | | |
|--|-----|-----------|
| Anchor Glass Container Corp., Term Loan (First Lien) | | |
| 6.00%, 3/02/16 | 639 | 632,751 |
| BWAY Holding Co. Term Loan B, 5.50% 6.00%, 6/16/17 | 293 | 292,206 |
| Berry Plastics Holding Corp., Term Loan C, 2.38%, 4/03/15 | 707 | 644,449 |
| Graham Packaging Co., LP, Term Loan C, 6.75%, 4/05/14 | 629 | 632,410 |
| ICL Industrial Containers ULC/ICL Contenants Industriels | | |
| ULC (FKA BWAY), Term Loan C, 5.50% 6.00%, 6/16/17 | 27 | 27,411 |
| | | 2,229,227 |

Diversified Consumer Services 3.1%

| | | |
|---|-------|-----------|
| Coinmach Service Corp., Term Loan, 3.35%, 11/14/14 | 2,688 | 2,343,574 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | 3,823 | 3,758,837 |
| ServiceMaster Co.: | | |
| Closing Date Loan, 2.77% 3.04%, 7/24/14 | 1,942 | 1,784,611 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | 193 | 177,721 |
| | | 8,064,743 |

Diversified Financial Services 1.9%

| | | |
|--|-------|-----------|
| MSCI, Inc., Term Loan, 4.75%, 6/01/16 | 1,696 | 1,700,696 |
| Reynolds Group Holdings, Inc.: | | |
| Incremental US Term Loan, 6.25%, 5/05/16 | 1,000 | 992,917 |
| US Term Loan, 6.25%, 5/05/16 | 1,292 | 1,285,093 |
| Whitelabel IV SA: | | |
| Term Loan B1, 5.00%, 8/11/17 | 339 | 425,302 |
| Term Loan B2, 5.00%, 8/11/17 | 561 | 703,818 |
| | | 5,107,826 |

| | Par (000) | Value |
|--|--------------|--------------|
| Floating Rate Loan Interests (c) | | |
| Diversified Telecommunication Services 2.9% | | |
| Cincinnati Bell Inc., Tranche B Term Loan, 6.50%, 6/11/17 | USD 1,172 | \$ 1,163,272 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | 1,625 | 1,620,937 |
| Level 3 Communications, Incremental Term Loan, 2.53% 2.78%, 3/13/14 | 3,100 | 2,776,921 |
| Wind Finance SL SA, Euro Facility (Second Lien), | | |

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| | | | |
|--|-----|-------|-----------|
| 7.89%, 12/17/14 | EUR | 1,000 | 1,264,677 |
| Wind Telecomunicazioni SpA, Term Loan Facility A1, | | | |
| 3.14%, 9/22/12 | | 707 | 869,214 |
| | | | 7,695,021 |
| Electric Utilities 1.2% | | | |
| New Development Holdings, LLC, Term Loan, 7.00%, | | | |
| 7/03/17 | USD | 3,000 | 3,030,000 |
| Electrical Equipment 0.5% | | | |
| Baldor Electric Co., Term Loan, 5.25% 5.50%, 1/31/14 | | 1,257 | 1,256,973 |
| Electronic Equipment, Instruments & Components 1.5% | | | |
| CDW LLC (FKA CDW Corp.), Term Loan, 4.28%, | | | |
| 10/10/14 | | 1,265 | 1,132,706 |
| Flextronics International Ltd.: | | | |
| Delayed Draw Term Loan, 2.51%, 10/01/14 | | 39 | 36,681 |
| Delayed Draw Term Loan, 2.56%, 10/01/14 | | 46 | 42,794 |
| Term Loan B, 2.56%, 10/01/12 | | 1,056 | 1,016,544 |
| Styron Sarl, Term Loan, 7.50%, 6/17/16 | | 1,600 | 1,612,496 |
| | | | 3,841,221 |
| Energy Equipment & Services 0.6% | | | |
| MEG Energy Corp., Tranche D Term Loan: | | | |
| 6.00%, 4/03/16 | | 450 | 448,875 |
| 6.00%, 4/03/16 | | 1,088 | 1,085,674 |
| | | | 1,534,549 |
| Food & Staples Retailing 2.9% | | | |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), | | | |
| Facility B1, 3.55%, 7/09/15 | GBP | 1,300 | 1,854,679 |
| Bolthouse Farms, Inc., Term Loan (First Lien) 5.50%, | | | |
| 2/11/16 | USD | 1,097 | 1,091,204 |
| DS Waters of America, Inc., Term Loan, 2.51%, 10/29/12 | | 909 | 869,656 |
| Pierre Foods, Term Loan, 7.00%, 3/03/16 | | 1,073 | 1,069,372 |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan | | | |
| 5.25%, 6/30/16 | | 2,372 | 2,375,434 |
| Rite Aid Corp., Term Loan B, 6.00%, 7/09/14 | | 475 | 458,850 |
| | | | 7,719,195 |
| Food Products 2.8% | | | |
| CII Investment, LLC (FKA Cloverhill): | | | |
| Term Loan A, 8.50%, 10/14/14 | | 852 | 852,479 |
| Term Loan B, 8.50%, 10/14/14 | | 1,037 | 1,036,807 |
| Dole Food Co., Inc., Tranche B-1 Term Loan, | | | |
| 5.00% 5.50%, 3/02/17 | | 496 | 496,509 |
| Michael Foods Group, Inc. (FKA M-Foods Holdings, Inc.), | | | |

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| | | |
|---|-------|-----------|
| Term Loan B, 6.25%, 6/29/16 | 1,000 | 1,000,714 |
| Pilgrim s Pride Corp., Term Loan A, 5.53%, 12/01/12 | 1,215 | 1,202,850 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | 1,612 | 1,614,015 |
| Solvest, Ltd. (Dole), Tranche C-1 Term Loan, 5.00%, 3/02/17 | 1,233 | 1,234,973 |
| | | 7,438,347 |
| Health Care Equipment & Supplies 1.0% | | |
| Biomet, Inc., Dollar Term Loan, 3.26% 3.54%, 3/25/15 | 737 | 711,877 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | 878 | 833,116 |
| Fresenius SE: Tranche C-1 Dollar Term Loan, 4.50%, 9/10/14 | 631 | 631,841 |
| Tranche C-2 Term Loan, 4.50%, 9/10/14 | 336 | 336,667 |
| | | 2,513,501 |
| Health Care Providers & Services 5.6% | | |
| CHS/Community Health Systems, Inc.: Delayed Draw Term Loan, 2.55%, 7/25/14 | 162 | 153,105 |
| Term Loan Facility, 2.55%, 7/25/14 | 3,146 | 2,965,975 |
| DaVita, Inc., Tranche B-1 Term Loan, 1.77% 2.04%, 10/05/12 | 285 | 280,605 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

27

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|--------------|
| Floating Rate Loan Interests (c) | | |
| Health Care Providers & Services (concluded) | | |
| Gentiva Health Services, Inc., Term Loan B, 6.75%, 8/12/16 | USD 1,100 | \$ 1,085,563 |
| HCA, Inc.: | | |
| Tranche A-1 Term Loan, 2.03%, 11/16/12 | 1,619 | 1,557,905 |
| Tranche B-1 Term Loan, 2.78%, 11/18/13 | 636 | 612,183 |
| Tranche B-2 Term Loan, 3.78%, 3/31/17 | 1,166 | 1,128,279 |
| Harden Healthcare LLC: | | |
| Add-on Term Loan, 7.75%, 3/02/15 | 1,300 | 1,274,000 |
| Tranche A Term Loan, 8.50%, 2/22/15 | 793 | 776,873 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16 | 2,300 | 2,295,687 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 6.00%, 6/03/16 | 1,100 | 1,100,000 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 1,591 | 1,571,919 |
| | | 14,802,094 |
| Health Care Technology 0.7% | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | 1,876 | 1,879,117 |
| Hotels, Restaurants & Leisure 5.9% | | |
| Harrah's Operating Co., Inc.: | | |
| Term Loan B-1, 3.50%, 1/28/15 | 192 | 164,493 |
| Term Loan B-3, 3.50% 3.53%, 1/28/15 | 3,613 | 3,087,081 |
| Penn National Gaming, Inc., Term Loan B, 2.01% 2.24%, 10/03/12 | 1,136 | 1,108,205 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | 2,488 | 2,490,457 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 6.00%, 6/30/16 | 1,790 | 1,769,240 |
| Travelport LLC (FKA Travelport, Inc.): | | |
| Delayed Draw Term Loan, 2.76%, 8/23/13 | 475 | 450,676 |
| Original Post-First Amendment and Restatement Synthetic Letter of Credit Loan, 3.03%, 8/23/13 | 223 | 210,583 |

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| | | |
|--|-------|------------|
| Tranche B Dollar Term Loan, 2.76%, 8/23/13 | 1,135 | 1,071,526 |
| Universal City Development Partners, Ltd.: | | |
| Loan, 7.75%, 11/06/14 | 1,493 | 1,499,963 |
| Term Loan, 5.50%, 11/16/14 | 1,141 | 1,142,532 |
| VML US Finance LLC (FKA Venetian Macau): | | |
| Term B Delayed Draw Project Loan, 4.80%, 5/25/12 | 238 | 233,863 |
| Term B Delayed Draw Project Loan, 5.04%, 5/25/12 | 710 | 698,101 |
| Term B Funded Project Loan 4.80%, 5/27/13 | 412 | 404,878 |
| Term B Funded Project Loan 5.04%, 5/27/13 | 1,397 | 1,372,002 |
| | | 15,703,600 |

IT Services 4.0%

| | | |
|--|-------|------------|
| Audio Visual Services Group, Inc., Tranche B Term Loan (First Lien), 2.79%, 2/28/14 | 990 | 732,468 |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | 1,142 | 1,016,301 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | 800 | 782,000 |
| First Data Corp.: | | |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | 484 | 413,374 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | 3,282 | 2,798,375 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | 536 | 457,363 |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Incremental Term Loan, 6.75%, 2/28/14 | 1,589 | 1,586,885 |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17 | 2,750 | 2,774,923 |
| | | 10,561,689 |

Independent Power Producers & Energy Traders 1.0%

| | | |
|---|-------|-----------|
| Dynegy Holdings, Inc.: | | |
| Term Letter of Credit Facility, 4.02%, 4/02/13 | 461 | 453,100 |
| Tranche B Term Loan, 4.02%, 4/02/13 | 37 | 36,288 |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-1 Term Loan, 3.79% 4.03%, 10/10/14 | 1,530 | 1,159,416 |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%, 10/10/14 | 1,415 | 1,066,890 |
| | | 2,715,694 |

| Floating Rate Loan Interests (c) | Par (000) | Value |
|---|--------------|--------------|
| Industrial Conglomerates 1.3% | | |
| Sequa Corp., Term Loan, 3.79%, 12/03/14 | USD 3,844 | \$ 3,536,357 |
| Insurance 0.2% | | |
| Alliant Holdings I, Inc., Term Loan, 3.53%, 8/21/14 | 478 | 454,290 |

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Internet & Catalog Retail 0.2%

| | | |
|--|-----|---------|
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | 573 | 573,173 |
|--|-----|---------|

Leisure Equipment & Products 0.1%

Fender Musical Instruments Corp.:

| | | |
|-----------------------------------|-----|---------|
| Delayed Draw Loan, 2.55%, 6/09/14 | 144 | 120,566 |
|-----------------------------------|-----|---------|

| | | |
|------------------------------|-----|---------|
| Initial Loan, 2.79%, 6/09/14 | 286 | 238,672 |
|------------------------------|-----|---------|

359,238

Machinery 0.4%

Oshkosh Truck Corp., Term Loan B, 6.44% 6.54%,

| | | |
|----------|-----|-----------|
| 12/06/13 | 995 | 1,000,642 |
|----------|-----|-----------|

Marine 0.2%

Horizon Lines, LLC:

| | | |
|--------------------------------------|-----|---------|
| Revolving Loan, 3.52% 3.55%, 8/08/12 | 391 | 333,972 |
|--------------------------------------|-----|---------|

| | | |
|---------------------------|-----|---------|
| Term Loan, 3.79%, 8/08/12 | 296 | 269,524 |
|---------------------------|-----|---------|

603,496

Media 15.6%

Cengage Learning Acquisitions, Inc. (Thomson Learning),

| | | |
|---|-------|-----------|
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 3,783 | 3,769,968 |
|---|-------|-----------|

Cequel Communications, LLC, New Term Loan, 2.30%,

| | | |
|----------|-----|---------|
| 11/05/13 | 526 | 505,725 |
|----------|-----|---------|

Charter Communications Operating, LLC:

| | | |
|-------------------------------|-----|---------|
| New Term Loan, 2.26%, 3/06/14 | 611 | 578,321 |
|-------------------------------|-----|---------|

| | | |
|------------------------------|-------|-----------|
| Term Loan B1, 7.25%, 3/06/14 | 1,023 | 1,045,035 |
|------------------------------|-------|-----------|

| | | |
|-----------------------------|-------|-----------|
| Term Loan C, 3.79%, 9/06/16 | 5,240 | 5,011,826 |
|-----------------------------|-------|-----------|

| | | |
|--|-------|-----------|
| Clarke American Corp., Term Loan B, 2.76%, 6/30/14 (d) | 1,244 | 1,072,759 |
|--|-------|-----------|

| | | |
|---|-----|---------|
| FoxCo Acquisition Sub, LLC, Term Loan, 7.50%, 7/14/15 | 786 | 755,784 |
|---|-----|---------|

HMH Publishing Co., Ltd., Tranche A Term Loan, 5.79%,

| | | |
|-------------|-------|-----------|
| 6/12/14 (d) | 1,984 | 1,806,563 |
|-------------|-------|-----------|

| | | |
|---|-------|---------|
| Hanley-Wood, LLC, Term Loan, 2.56% 2.63%, 3/10/14 | 1,463 | 632,531 |
|---|-------|---------|

Intelsat Corp. (FKA PanAmSat Corp.):

| | | |
|---|-----|---------|
| Tranche B-2-A Term Loan, 3.03%, 1/03/14 | 331 | 312,675 |
|---|-----|---------|

| | | |
|---|-----|---------|
| Tranche B-2-B Term Loan, 3.03%, 1/03/14 | 331 | 312,578 |
|---|-----|---------|

| | | |
|---|-----|---------|
| Tranche B-2-C Term Loan, 3.03%, 1/03/14 | 331 | 312,578 |
|---|-----|---------|

Intelsat Subsidiary Holding Co. Ltd., Term Loan B,

| | | |
|----------------|-------|-----------|
| 3.03%, 7/03/13 | 1,674 | 1,596,910 |
|----------------|-------|-----------|

| | | |
|---|-------|-----------|
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17 | 1,200 | 1,207,000 |
|---|-------|-----------|

Lavena Holding 3 GmbH (Prosiebensat.1 Media AG):

| | | | |
|-----------------------------|-----|-----|---------|
| Facility B1, 3.52%, 6/30/15 | EUR | 337 | 322,477 |
|-----------------------------|-----|-----|---------|

| | | |
|-----------------------------|-----|---------|
| Facility C1, 3.77%, 6/30/16 | 337 | 322,477 |
|-----------------------------|-----|---------|

MCNA Cable Holdings LLC (OneLink Communications),

| | | | |
|--------------------------|-----|-------|-----------|
| Loan, 6.89%, 3/01/13 (d) | USD | 1,336 | 1,135,420 |
|--------------------------|-----|-------|-----------|

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Mediacom Illinois, LLC (FKA Mediacom Communications, LLC):

| | | | |
|--|-----|-------|------------|
| Tranche D Term Loan, 5.50%, 3/31/17 | | 450 | 440,854 |
| Tranche E Term Loan, 4.50%, 10/23/17 | | 2,225 | 2,099,806 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 2,500 | 2,653,125 |
| Nielsen Finance LLC: | | | |
| Class A Dollar Term Loan, 2.29%, 8/09/13 | | 57 | 54,061 |
| Class B Dollar Term Loan, 4.01%, 5/01/16 | | 2,097 | 2,026,594 |
| Class C Dollar Term Loan, 4.04%, 5/28/16 | | 1,172 | 1,124,826 |
| Regal Cinemas Corp., Term Loan, 4.03%, 11/19/16 | | 698 | 689,522 |
| Sinclair Television Group, Inc., New Tranche B Loan, 5.50%, 10/29/15 | | 1,023 | 1,023,579 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 2,000 | 2,507,045 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.68%, 6/01/12 | USD | 952 | 888,011 |
| TWCC Holdings Corp. Replacement Term Loans, 5.00%, 9/14/15 | | 2,039 | 2,036,334 |
| UPC Financing Partnership, Facility U, 4.64%, 12/31/17 | EUR | 1,850 | 2,176,246 |
| Virgin Media Investment Holdings Ltd., Facility B, 4.78%, 12/31/15 | GBP | 1,350 | 2,007,029 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.60%, 8/09/11 | USD | 938 | 904,687 |
| | | | 41,332,346 |

See Notes to Financial Statements.

28 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Floating Rate Loan Interests (c) | | | |
| Multi-Utilities 0.6% | | | |
| Energy Transfer Equity, LP, Term Loan, 2.02%, 11/01/12 | USD | 1,000 | \$ 978,750 |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): | | | |
| Synthetic Letter of Credit, 0.41%, 11/01/13 | | 8 | 7,622 |
| Term B Advance (First Lien), 3.06%, 11/01/13 | | 489 | 453,418 |
| | | | 1,439,790 |
| Multiline Retail 1.4% | | | |
| Dollar General Corp., Tranche B-2 Term Loan, 3.01% | | | |
| 3.03%, 7/07/14 | | 1,686 | 1,623,033 |
| Hema Holding BV: | | | |
| Facility B, 2.65%, 7/06/15 | EUR | 406 | 486,777 |
| Facility C, 3.40%, 7/05/16 | USD | 406 | 486,777 |
| The Neiman Marcus Group, Inc, Term Loan, 2.30%, 4/06/13 | | 1,023 | 969,277 |
| | | | 3,565,864 |
| Oil, Gas & Consumable Fuels 0.2% | | | |
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15 | | 625 | 632,552 |
| Paper & Forest Products 1.1% | | | |
| Georgia-Pacific LLC, Term Loan B, 2.30% 2.53%, 12/23/12 | | 1,549 | 1,526,428 |
| Verso Paper Finance Holdings LLC, PIK Loan, 6.99% 7.44%, 2/01/13 (d) | | 2,121 | 1,272,323 |
| | | | 2,798,751 |
| Personal Products 0.0% | | | |
| American Safety Razor Co., LLC, Term Loan (First Lien), 8.00%, 7/31/13 | | 102 | 94,188 |
| Pharmaceuticals 1.0% | | | |
| Warner Chilcott Co., LLC, Term Loan A, 6.00%, 10/30/14 | | 733 | 732,321 |
| Warner Chilcott Corp.: | | | |
| Additional Term Loan, 6.25%, 4/30/15 | | 427 | 426,699 |
| Term Loan B-1, 6.25%, 4/30/15 | | 302 | 301,255 |
| Term Loan B-2, 6.25%, 4/30/15 | | 502 | 501,577 |
| Term Loan B-3, 6.50%, 2/20/16 | | 487 | 488,636 |

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| | | |
|-------------------------------|-----|-----------|
| Term Loan B-4, 6.50%, 2/20/16 | 158 | 158,549 |
| | | 2,609,037 |

Professional Services 0.9%

| | | |
|---|-------|-----------|
| Booz Allen Hamilton, Inc., Tranche C Term Loan, 6.00%, 7/31/15 | 2,239 | 2,238,190 |
|---|-------|-----------|

Real Estate Management & Development 1.9%

| | | |
|--|-------|-----------|
| Mattamy Funding Partnership, Term Loan, 2.56%, 4/11/13 | 409 | 376,218 |
| Realogy Corp.: Delayed Draw Term Loan B, 3.30% 3.53%, 10/10/13 | 2,413 | 2,082,233 |
| Initial Term Loan B, 3.30%, 10/10/13 | 2,843 | 2,453,038 |
| Synthetic Letter of Credit, 3.26%, 10/10/13 | 155 | 133,556 |
| | | 5,045,045 |

Semiconductors & Semiconductor Equipment 0.2%

| | | |
|--|-----|---------|
| Freescale Semiconductor, Inc., Extended Maturity Term Loan, 4.56%, 12/01/16 | 570 | 509,705 |
|--|-----|---------|

Software 0.7%

| | | |
|--|-------|-----------|
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16 | 1,297 | 1,295,670 |
| Vertafore, Inc., Term Loan B, 6.75%, 7/28/16 | 670 | 665,812 |
| | | 1,961,482 |

Specialty Retail 1.7%

| | | |
|---|---------|---------|
| Bass Pro Group LLC, Term Loan, 5.00% 5.57%, 4/10/15 | 309 | 309,125 |
| Burlington Coat Factory Warehouse Corp., Term Loan, 2.54% 2.66%, 5/28/13 | 493 | 467,348 |
| Matalan, Term Loan, 5.57%, 3/24/16 | GBP 500 | 759,539 |

| | Par (000) | Value |
|--|--------------|------------|
| Floating Rate Loan Interests (c) | | |
| Specialty Retail (concluded) | | |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.63% 2.81%, 10/31/13 | USD 995 | \$ 938,358 |
| Term Loan B-2, 4.88% 5.06%, 7/31/16 | 534 | 515,596 |
| Toys R US, Inc., Term Loan B, 6.00%, 8/17/16 | 1,500 | 1,496,241 |
| | | 4,486,207 |
| Textiles, Apparel & Luxury Goods 0.8% | | |
| Hanesbrands, Inc., New Term Loan, 5.25%, 12/10/15 | 737 | 742,181 |
| Phillips Van Heusen Corp., US Tranche B Term Loan, | | |

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| | | |
|--|-------------------|---------------|
| 4.75%, 5/06/16 | 1,472 | 1,479,647 |
| | | 2,221,828 |
| Wireless Telecommunication Services 3.1% | | |
| Digicel International Finance Ltd., US Term Loan (Non-Rollover), 3.06%, 3/30/12 | 4,573 | 4,464,797 |
| MetroPCS Wireless, Inc.: Tranche B-1 Term Loan, 2.56%, 11/03/13 | 167 | 162,221 |
| Tranche B-2 Term Loan, 3.81%, 11/03/16 | 1,819 | 1,783,993 |
| Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15 | 1,750 | 1,750,000 |
| | | 8,161,011 |
| Total Floating Rate Loan Interests 93.6% | | 247,554,975 |
| | Beneficial | |
| | Interest | |
| | (000) | |
| Other Interests (g) | | |
| Auto Components 1.2% | | |
| Delphi Debtor-in-Possession Holding Co. LLP Class B Membership Interests | (h) | 3,117,901 |
| Diversified Financial Services 0.3% | | |
| J.G. Wentworth LLC Preferred Equity Interests (i) | (h) | 684,050 |
| Total Other Interests 1.5% | | 3,801,951 |
| Warrants (j) | Shares | |
| Software 0.0% | | |
| HMH Holdings/EduMedia (Expires 3/09/17) | 11,690 | |
| Total Warrants 0.0% | | |
| Total Long-Term Investments | | |
| (Cost \$336,484,337) 122.3% | | 323,229,565 |
| Short-Term Securities | | |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.25% (k)(l) | 788,199 | 788,199 |
| Total Short-Term Securities (Cost \$788,199) 0.3% | | 788,199 |
| Options Purchased | Contracts | |
| Over-the-Counter Call Options 0.0% | | |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, expires 12/21/19, Broker Goldman Sachs Bank USA | 20 | |
| Total Options Purchased (Cost \$19,555) 0.0% | | |
| Total Investments (Cost \$337,292,091*) 122.6% | | 324,017,764 |
| Liabilities in Excess of Other Assets (22.6)% | | (59,638,586) |
| Net Assets 100.0% | | \$264,379,178 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

29

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 336,040,547 |
| Gross unrealized appreciation | \$ 6,904,041 |
| Gross unrealized depreciation | (18,926,824) |
| Net unrealized depreciation | \$ (12,022,783) |

(a) Non-income producing security.

(b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(c) Variable rate security. Rate shown is as of report date.

(d) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.

(e) Convertible security.

(f) Issuer filed for bankruptcy and/or is in default of interest payments.

(g) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

(h) Amount is less than \$1,000.

(i) The investment is held by a wholly owned taxable subsidiary of the Fund.

(j) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

(k) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income |
|--|-----------------------------------|-----------------|-----------------------------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 2,018,379 | (1,230,180) | 788,199 | \$ 6,371 |

(l) Represents the current yield as of report date.

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|--------------|--------------------|--|
| USD 14,334,718 | EUR 11,326,500 | Citibank NA | 9/15/10 | \$ (18,486) |

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| | | | | | | |
|--------------|-----------|-----|-----------|------------------|----------|--------------------|
| EUR | 941,400 | USD | 1,205,673 | Citibank NA | 9/15/10 | (12,709) |
| USD | 295,956 | CAD | 312,500 | Deutsche Bank AG | 10/20/10 | 3,136 |
| USD | 4,551,319 | GBP | 2,981,500 | Citibank NA | 10/20/10 | (19,664) |
| Total | | | | | | \$ (47,723) |

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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|----------------|----------------|----------------|--------------|
| Assets: | | | | |
| Investments in | | | | |
| Securities: | | | | |
| Long-Term | | | | |
| Investments: | | | | |
| Common Stocks | \$ 832,243 | \$ 358,586 | \$ 472,121 | \$ 1,662,950 |
| Corporate Bonds . . | | 68,891,298 | 1,318,391 | 70,209,689 |
| Floating Rate | | | | |
| Loan Interests | | 207,700,969 | 39,854,006 | 247,554,975 |
| Other Interests | | 3,117,901 | 684,050 | 3,801,951 |
| Short-Term | | | | |
| Securities | 788,199 | | | 788,199 |

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| | | | | |
|---------------------|--------------|--|---------------|---------------|
| Unfunded Loan | | | | |
| Commitments | | | 6,517 | 6,517 |
| Liabilities: | | | | |
| Unfunded Loan | | | | |
| Commitments | | | (75,622) | (75,622) |
| Total | \$ 1,620,442 | | \$280,068,754 | \$ 42,259,463 |
| | | | | \$323,948,659 |

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|----------------|----------------|----------------|--------------|
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 3,136 | | \$ 3,136 |
| Liabilities: | | | | |
| Foreign currency exchange contracts | | (50,859) | | (50,859) |
| Total | | \$ (47,723) | | \$ (47,723) |

¹ Derivative financial instruments are foreign currency exchange contracts. Foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

See Notes to Financial Statements.

30 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (concluded)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Unfunded Loan Commitments | Total |
|---|-------------------|---------------------|---------------------------------------|--------------------|------------------------------|---------------------|
| Assets/Liabilities: | | | | | | |
| Balance as of August 31, 2009 | \$ 5,143 | \$ 2,823,032 | \$ 54,573,840 | \$ 262,849 | \$ (49,905) | \$57,614,959 |
| Accrued discounts/premiums | | 56,472 | 180,488 | | | 236,960 |
| Net realized gain (loss) | | (251,699) | (12,412,512) | | | (12,664,211) |
| Net change in unrealized appreciation/depreciation ² | (86) | 386,822 | 22,132,006 | 421,201 | (19,200) | 22,920,743 |
| Purchases | | 20,405 | 26,588,375 | | | 26,608,780 |
| Sales | | (1,748,301) | (62,133,536) | | | (63,881,837) |
| Transfers in ³ | 467,064 | 31,660 | 24,571,704 | | | 25,070,428 |
| Transfers out ³ | | | (13,646,359) | | | (13,646,359) |
| Balance, as of August 31, 2010 | \$ 472,121 | \$ 1,318,391 | \$ 39,854,006 | \$ 684,050 | \$ (69,105) | \$42,259,463 |

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$2,917,608.

³ The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

31

Schedule of Investments August 31, 2010

BlackRock Limited Duration Income Trust (BLW)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|---|-----|--------------|--------------|
| Asset-Backed Securities | | | |
| Asset-Backed Securities 5.3% | | | |
| Advanta Business Card Master Trust, Series 2007-A5, Class A5, 0.77%, 8/20/13 (a) | USD | 1,244 | \$ 1,234,909 |
| Carrington Mortgage Loan Trust, Series 2007-RFC1, Class A1, 0.31%, 12/25/36 (a) | | 546 | 500,282 |
| Countrywide Asset-Backed Certificates, Class 2A-1 (a): Series 2007-6, 0.36%, 9/25/37 | | 297 | 282,469 |
| Series 2007-10, 0.31%, 6/25/47 | | 3,023 | 2,869,065 |
| Ford Credit Floorplan Master Owner Trust, Series 2006-4, Class A, 0.53%, 6/15/13 (a) | | 4,015 | 3,991,121 |
| GSAA Trust, Series 2007-3, Class 1A2, 0.43%, 3/25/47 (a) | | 3,711 | 1,683,072 |
| MBNA Credit Card Master Note Trust, Series 2002-A2, Class A, 5.60%, 7/17/14 | EUR | 17,000 | 22,475,240 |
| | | | 33,036,158 |
| Interest Only Asset-Backed Securities 0.4% | | | |
| Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 | USD | 14,298 | 755,090 |
| Sterling Coofs Trust, Series 1, 2.36%, 4/15/29 | | 13,085 | 1,337,097 |
| | | | 2,092,187 |
| Total Asset-Backed Securities 5.7% | | | 35,128,345 |
| Common Stocks (b) | | | |
| Chemicals 0.2% | | | |
| LyondellBasell Industries NV, Class A | | 14,708 | 301,514 |
| LyondellBasell Industries NV, Class B | | 44,142 | 904,470 |
| | | | 1,205,984 |
| Commercial Services & Supplies 0.0% | | | |
| SIRVA (c) | | 1,109 | 11,090 |
| Construction & Engineering 0.0% | | | |
| USI United Subcontractors Common | | 6,116 | 125,370 |
| Machinery 0.1% | | | |
| Accuride Corp. | | 139,371 | 153,308 |
| Metals & Mining 0.0% | | | |

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| | | | |
|---|-----|--------------|--------------|
| Euramax International | | 234 | 77,121 |
| Software 0.2% | | | |
| HMH Holdings/EduMedia | | 238,664 | 1,193,320 |
| Specialty Retail 0.0% | | | |
| Lazydays RV Center, Inc. | | 10,549 | 53,904 |
| Total Common Stocks 0.5% | | | 2,820,097 |
| | | Par | |
| | | (000) | |
| Corporate Bonds | | | |
| Aerospace & Defense 0.3% | | | |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | | 1,620 | 1,672,650 |
| Airlines 1.5% | | | |
| Air Canada, 9.25%, 8/01/15 (c) | | 2,000 | 1,960,000 |
| American Airlines, Inc., 10.50%, 10/15/12 (c) | | 1,890 | 2,008,125 |
| Continental Airlines, Inc., 6.75%, 9/15/15 (c) | | 1,350 | 1,336,500 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 (c)(d) | | 1,372 | 1,440,752 |
| United Air Lines, Inc., 12.75%, 7/15/12 | | 2,478 | 2,762,970 |
| | | | 9,508,347 |
| Auto Components 0.0% | | | |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | | 65 | 63,320 |
| Beverages 0.1% | | | |
| Crown European Holdings SA, 7.13%, 8/15/18 (c) | EUR | 585 | 759,875 |
| Building Products 0.4% | | | |
| Building Materials Corp. of America, 7.00%, 2/15/20 (c)(d) | USD | 1,875 | 1,865,625 |
| CPG International I, Inc., 10.50%, 7/01/13 | | 750 | 749,063 |
| | | | 2,614,688 |
| | | Par | |
| | | (000) | Value |
| Corporate Bonds | | | |
| Capital Markets 1.0% | | | |
| E*Trade Financial Corp., 3.99% 8/31/19 (e)(f) | USD | 249 | \$ 298,800 |
| Goldman Sachs Group LP, 5.00%, 10/01/14 (d) | | 3,000 | 3,217,176 |
| MU Finance Plc, 8.75%, 2/01/17 (c) | GBP | 1,007 | 1,482,609 |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (c) | USD | 2,381 | 880,970 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (c)(g) | | 667 | 59,995 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (c)(g) | | 709 | 63,851 |
| | | | 6,003,401 |
| Chemicals 1.3% | | | |
| American Pacific Corp., 9.00%, 2/01/15 | | 1,100 | 1,087,625 |

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| | | | |
|---|-----|-------|------------|
| Ames True Temper, Inc., 4.53%, 1/15/12 (a) | | 2,085 | 2,079,788 |
| CF Industries, Inc., 6.88%, 5/01/18 | | 2,080 | 2,189,200 |
| Innophos, Inc., 8.88%, 8/15/14 | | 2,225 | 2,280,625 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (c) | | 545 | 574,975 |
| | | | 8,212,213 |
| Commercial Banks 1.8% | | | |
| CIT Group, Inc., 7.00%, 5/01/17 (d) | | 6,885 | 6,474,048 |
| Regions Financial Corp., 4.88%, 4/26/13 (d) | | 1,355 | 1,367,900 |
| Standard Chartered Plc, 3.85%, 4/27/15 (c)(d) | | 3,100 | 3,205,167 |
| | | | 11,047,115 |
| Commercial Services & Supplies 0.2% | | | |
| ACCO Brands Corp., 10.63%, 3/15/15 | | 1,025 | 1,127,500 |
| Consumer Finance 1.0% | | | |
| Ford Motor Credit Co. LLC: | | | |
| 7.38%, 2/01/11 (d) | | 2,800 | 2,850,042 |
| 3.28%, 1/13/12 (a) | | 565 | 553,700 |
| 7.80%, 6/01/12 (d) | | 1,665 | 1,752,149 |
| 6.63%, 8/15/17 | | 1,300 | 1,321,284 |
| | | | 6,477,175 |
| Containers & Packaging 2.0% | | | |
| Ball Corp., 6.75%, 9/15/20 | | 880 | 926,200 |
| Berry Plastics Corp.: | | | |
| 8.25%, 11/15/15 | | 2,400 | 2,406,000 |
| 9.50%, 5/15/18 (c) | | 1,245 | 1,145,400 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | | 640 | 609,600 |
| Crown Americas LLC, 7.75%, 11/15/15 | | 885 | 918,188 |
| Impress Holdings BV, 3.65%, 9/15/13 (a)(c) | | 1,255 | 1,185,975 |
| Pregis Corp., 12.38%, 10/15/13 | | 2,020 | 2,020,000 |
| Smurfit Kappa Acquisitions (c): | | | |
| 7.25%, 11/15/17 | EUR | 1,215 | 1,570,503 |
| 7.75%, 11/15/19 | | 1,155 | 1,500,266 |
| | | | 12,282,132 |
| Diversified Financial Services 3.4% | | | |
| Ally Financial Inc. (c): | | | |
| 8.30%, 2/12/15 (d) | USD | 3,150 | 3,276,000 |
| 7.50%, 9/15/20 | | 2,270 | 2,247,300 |
| Bank of America Corp., 4.50%, 4/01/15 (d) | | 3,000 | 3,108,864 |
| Citigroup, Inc., 4.75%, 5/19/15 | | 3,000 | 3,090,549 |
| JPMorgan Chase & Co., 3.40%, 6/24/15 (d) | | 6,000 | 6,185,814 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (c)(d) | | 2,935 | 2,957,013 |

20,865,540

Diversified Telecommunication Services 2.7%

| | | |
|---|-------|-----------|
| Frontier Communications Corp., 8.25%, 4/15/17 (d) | 4,085 | 4,319,887 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | 2,350 | 2,314,750 |
| Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (c) | 580 | 609,000 |
| Qwest Communications International, Inc.: | | |
| 7.50%, 2/15/14 | 610 | 621,438 |
| 8.00%, 10/01/15 (c)(d) | 2,500 | 2,687,500 |
| Series B, 7.50%, 2/15/14 (d) | 2,985 | 3,040,969 |
| Qwest Corp., 8.38%, 5/01/16 | 590 | 687,350 |
| TW Telecom Holdings, Inc., 8.00%, 3/01/18 | 630 | 655,200 |
| Wind Acquisition Finance SA, 12.00%, 12/01/15 (c) | 900 | 949,500 |

See Notes to Financial Statements.

32 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Diversified Telecommunication Services (concluded) | | |
| Windstream Corp.: | | |
| 8.13%, 8/01/13 | USD 590 | \$ 629,087 |
| 8.63%, 8/01/16 | 450 | 464,625 |
| | | 16,979,306 |
| Electric Utilities 0.0% | | |
| Elwood Energy LLC, 8.16%, 7/05/26 | 126 | 115,974 |
| Electronic Equipment, Instruments & Components 1.2% | | |
| Agilent Technologies, Inc., 4.45%, 9/14/12 (d) | 7,325 | 7,711,445 |
| Energy Equipment & Services 0.5% | | |
| Compagnie Generale de Geophysique-Veritas: | | |
| 7.50%, 5/15/15 | 255 | 252,450 |
| 7.75%, 5/15/17 | 420 | 416,850 |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (c) | 2,500 | 2,337,500 |
| | | 3,006,800 |
| Food & Staples Retailing 0.1% | | |
| Rite Aid Corp., 8.00%, 8/15/20 (c) | 620 | 616,125 |
| Food Products 0.4% | | |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (c) | 1,040 | 1,099,800 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (c) | 1,440 | 1,607,400 |
| | | 2,707,200 |
| Gas Utilities 0.3% | | |
| Florida Gas Transmission Co. LLC, 4.00%, 7/15/15 (c)(d) | 2,000 | 2,077,016 |
| Health Care Equipment & Supplies 1.0% | | |
| Boston Scientific Corp., 4.50%, 1/15/15 | 3,000 | 3,048,600 |
| DJO Finance LLC, 10.88%, 11/15/14 | 2,780 | 2,978,075 |
| | | 6,026,675 |
| Health Care Providers & Services 1.6% | | |
| American Renal Holdings, 8.38%, 5/15/18 (c) | 330 | 330,000 |
| HCA, Inc., 7.25%, 9/15/20 | 1,115 | 1,165,175 |
| Tenet Healthcare Corp.: | | |
| 9.00%, 5/01/15 | 812 | 864,780 |
| 10.00%, 5/01/18 | 6,682 | 7,517,250 |

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| | | | |
|--|-------------|--------------|--------------|
| | | | 9,877,205 |
| Health Care Technology | 0.8% | | |
| IMS Health, Inc., 12.50%, 3/01/18 (c) | | 4,300 | 4,982,625 |
| Hotels, Restaurants & Leisure | 0.2% | | |
| MGM Resorts International, 10.38%, 5/15/14 | | 1,135 | 1,237,150 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (b)(c)(h) | | 375 | 274 |
| | | | 1,237,424 |
| Household Durables | 1.1% | | |
| Beazer Homes USA, Inc., 12.00%, 10/15/17 | | 3,800 | 4,279,750 |
| Berkline/BenchCraft, LLC, 4.50%, 11/03/12 (b)(c)(h) | | 200 | |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | | 2,500 | 2,425,000 |
| | | | 6,704,750 |
| IT Services | 0.4% | | |
| iPayment, Inc., 9.75%, 5/15/14 | | 950 | 858,562 |
| iPayment Investors LP, 12.75%, 7/15/14 (c)(g) | | 1,422 | 1,216,184 |
| SunGard Data Systems, Inc., 4.88%, 1/15/14 | | 215 | 205,863 |
| | | | 2,280,609 |
| Independent Power Producers & Energy Traders | 3.2% | | |
| The AES Corp., 8.75%, 5/15/13 (c) | | 1,179 | 1,198,159 |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (c)(d) | | 5,225 | 5,486,250 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (c) | | 3,870 | 3,726,821 |
| NRG Energy, Inc.: | | | |
| 7.25%, 2/01/14 (d) | | 7,285 | 7,430,700 |
| 7.38%, 2/01/16 | | 680 | 685,100 |
| 7.38%, 1/15/17 | | 1,300 | 1,309,750 |
| | | | 19,836,780 |
| | | Par | |
| Corporate Bonds | | (000) | Value |
| Industrial Conglomerates | 1.5% | | |
| Sequa Corp. (c): | | | |
| 11.75%, 12/01/15 | USD | 2,950 | \$ 3,038,500 |
| 13.50%, 12/01/15 (g) | | 5,870 | 6,104,799 |
| | | | 9,143,299 |
| Machinery | 0.7% | | |
| AGY Holding Corp., 11.00%, 11/15/14 | | 1,500 | 1,275,000 |
| Accuride Corp., 7.50%, 2/26/20 (e)(g) | | 15 | 37,721 |
| Navistar International Corp., 8.25%, 11/01/21 | | 2,700 | 2,828,250 |

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Synventive Molding Solutions, Sub-Series A, 14.00%,

| | | |
|-------------|-----|-----------|
| 1/14/11 (g) | 802 | 64,177 |
| | | 4,205,148 |

Media 5.9%

| | | |
|--|-----------|------------|
| Affinion Group, Inc., 10.13%, 10/15/13 | 2,825 | 2,895,625 |
| CCH II LLC, 13.50%, 11/30/16 | 1,406 | 1,666,155 |
| CCO Holdings LLC, 7.88%, 4/30/18 (c) | 2,925 | 3,027,375 |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (a)(c) | 194 | 3,880 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 933 | 967,988 |
| Series B, 9.25%, 12/15/17 | 3,732 | 3,913,935 |
| DISH DBS Corp.: | | |
| 7.00%, 10/01/13 | 1,450 | 1,509,812 |
| 7.13%, 2/01/16 | 200 | 204,500 |
| Interactive Data Corp., 10.25%, 8/01/18 (c) | 2,460 | 2,552,250 |
| Lighthouse International Co. SA: | | |
| 8.00%, 4/30/14 | EUR 613 | 458,326 |
| 8.00%, 4/30/14 (c) | 110 | 82,245 |
| Nielsen Finance LLC, 10.00%, 8/01/14 | USD 3,695 | 3,879,750 |
| ProtoStar I Ltd., 18.00%, 10/15/12 (b)(c)(h) | 3,454 | 3,281,404 |
| Rainbow National Services LLC (c): | | |
| 8.75%, 9/01/12 | 925 | 926,156 |
| 10.38%, 9/01/14 (d) | 3,134 | 3,251,525 |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (c) | EUR 346 | 407,776 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (c) | USD 1,770 | 1,690,350 |
| UPC Germany GmbH, 8.13%, 12/01/17 (c) | 4,500 | 4,623,750 |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 | 1,000 | 1,040,000 |
| | | 36,382,802 |

Metals & Mining 0.7%

| | | |
|---|---------|-----------|
| Arch Western Finance LLC, 6.75%, 7/01/13 | 1,970 | 1,979,850 |
| Murray Energy Corp., 10.25%, 10/15/15 (c) | 885 | 904,912 |
| New World Resources NV, 7.38%, 5/15/15 | EUR 995 | 1,235,696 |
| | | 4,120,458 |

Multiline Retail 0.7%

| | | |
|------------------------|-----------|-----------|
| Dollar General Corp.: | | |
| 10.63%, 7/15/15 | USD 1,300 | 1,426,750 |
| 11.88%, 7/15/17 (d)(g) | 2,458 | 2,826,700 |
| | | 4,253,450 |

Oil, Gas & Consumable Fuels 2.3%

| | | |
|---|-------|-----------|
| BP Capital Markets Plc, 5.25%, 11/07/13 (d) | 6,000 | 6,227,280 |
| Berry Petroleum Co., 8.25%, 11/01/16 | 550 | 555,500 |

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Chesapeake Energy Corp.:

| | | |
|---|-------|------------|
| 6.50%, 8/15/17 | 1,315 | 1,334,725 |
| 7.25%, 12/15/18 | 1,185 | 1,238,325 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (c) | 705 | 724,388 |
| Consol Energy, Inc., 8.25%, 4/01/20 (c) | 1,500 | 1,591,875 |
| Crosstex Energy LP, 8.88%, 2/15/18 | 310 | 320,075 |
| Denbury Resources, Inc., 8.25%, 2/15/20 | 971 | 1,036,542 |
| Overseas Shipholding Group, Inc., 8.75%, 12/01/13 | 1,190 | 1,264,375 |
| Whiting Petroleum Corp., 7.25%, 5/01/12 | 75 | 75,000 |
| | | 14,368,085 |

Paper & Forest Products 0.7%

| | | |
|---------------------------------|-------|-----------|
| NewPage Corp., 11.38%, 12/31/14 | 5,600 | 4,550,000 |
|---------------------------------|-------|-----------|

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

33

Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|-------------|
| Corporate Bonds | | | |
| Professional Services 0.1% | | | |
| FTI Consulting, Inc., 7.75%, 10/01/16 | USD | 350 | \$ 363,125 |
| Real Estate Investment Trusts (REITs) 0.2% | | | |
| ProLogis, 5.75%, 4/01/16 | | 1,500 | 1,461,951 |
| Semiconductors & Semiconductor Equipment 0.5% | | | |
| National Semiconductor Corp., 6.15%, 6/15/12 (d) | | 3,000 | 3,204,783 |
| Software 0.0% | | | |
| BMS Holdings, Inc., 8.59%, 2/15/12 (a)(c)(g) | | 622 | 12,437 |
| Specialty Retail 0.1% | | | |
| Sonic Automotive, Inc., Series B, 8.63%, 8/15/13 | | 583 | 591,745 |
| Textiles, Apparel & Luxury Goods 0.4% | | | |
| Phillips-Van Heusen Corp., 7.38%, 5/15/20 | | 840 | 865,200 |
| Quiksilver, Inc., 6.88%, 4/15/15 | | 1,410 | 1,304,250 |
| | | | 2,169,450 |
| Tobacco 0.5% | | | |
| Reynolds American, Inc., 7.63%, 6/01/16 (d) | | 2,500 | 2,933,380 |
| Wireless Telecommunication Services 1.4% | | | |
| Cricket Communications, Inc.: | | | |
| 10.00%, 7/15/15 | | 240 | 251,400 |
| 7.75%, 5/15/16 (d) | | 2,250 | 2,323,125 |
| Digicel Group Ltd. (c): | | | |
| 8.88%, 1/15/15 | | 720 | 725,400 |
| 9.13%, 1/15/15 (g) | | 2,267 | 2,278,335 |
| 8.25%, 9/01/17 | | 600 | 623,250 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | | 270 | 280,800 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | | 1,175 | 1,172,062 |
| Sprint Capital Corp., 8.38%, 3/15/12 | | 925 | 978,188 |
| | | | 8,632,560 |
| Total Corporate Bonds 42.2% | | | 261,186,563 |
| Floating Rate Loan Interests (a) | | | |
| Aerospace & Defense 0.4% | | | |
| Hawker Beechcraft Acquisition Co., LLC: | | | |
| Letter of Credit Linked Deposit, 0.43%, 3/26/14 | | 184 | 146,335 |

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| | | | |
|---|-----|-------|------------|
| Facility 3B (Second Lien), 6.94%, 7/17/15 | | 16 | 20,195 |
| Facility B2 (Second Lien), 6.94%, 7/17/15 | USD | 500 | 495,833 |
| Facility B6A, 4.70%, 1/20/14 | EUR | 233 | 293,773 |
| Facility B6B, 4.70%, 1/20/14 | | 181 | 227,438 |
| CF Industries, Inc., Term Loan B-1, 4.50%, 4/05/15 | USD | 1,899 | 1,908,732 |
| Chemtura Corp.: | | | |
| Debtor in Possession Term Facility, 6.00%, 2/11/11 | | 1,550 | 1,546,125 |
| Exit Term Loan, 0.00%, 8/16/16 | | 1,300 | 1,305,417 |
| Cognis GmbH (French): | | | |
| Facility A 2.72%, 11/17/13 | EUR | 803 | 1,000,868 |
| Facility B 2.72%, 11/16/13 | | 197 | 245,110 |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%, 10/29/14 | USD | 634 | 633,635 |
| Huish Detergents, Inc., Tranche B Term Loan, 2.02%, 4/26/14 | | 1,225 | 1,157,999 |
| Ineos Group Plc, US Finance LLC Senior Credit Facility Term Loan A2, 7.00%, 12/17/12 | | 61 | 61,310 |
| MacDermid, Inc., Tranche C Term Loan, 2.27%, 4/12/14 | EUR | 498 | 574,274 |
| Nalco Co., Term Loan, 6.50%, 5/13/16 | USD | 2,024 | 2,030,997 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan (First Lien), 3.52% 3.73%, 7/30/14 | | 3,370 | 3,081,444 |
| Rockwood Specialties Group, Inc., Term Loan H, 6.00%, 5/15/14 | | 1,621 | 1,620,340 |
| Solutia, Inc., Term Loan, 4.75%, 3/17/17 | | 1,785 | 1,783,294 |
| Tronox Worldwide LLC: | | | |
| Tranche B-1 Term Loan, 11.25%, 9/20/10 | | 3,271 | 3,297,755 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10 | | 879 | 885,964 |
| | | | 22,315,232 |
| Commercial Banks 0.3% | | | |
| CIT Group, Inc., Tranche 3 Term Loan, 6.25%, 8/11/15 | | 1,900 | 1,893,806 |
| Commercial Services & Supplies 2.6% | | | |
| AWAS Finance Luxembourg Sarl, Term Loan, 7.75%, 6/10/16 | | 2,650 | 2,665,457 |
| Altegrity, Inc., Incremental Term Loan, 7.75%, 2/21/15 | | 4,000 | 3,985,000 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | | 629 | 631,793 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | | 1,454 | 1,461,722 |
| International Lease Finance Corp., Term Loan 1, 6.75%, 3/17/15 | | 3,040 | 3,064,455 |

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| | | |
|---|-------|------------|
| Quad Graphics, Term Loan, 5.50%, 4/20/16 | 1,375 | 1,311,750 |
| SIRVA Worldwide, Inc., Loan (Second Lien), 12.00%, 5/12/15 (g) | 290 | 72,379 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27% 2.28%, 4/02/14 | 1,288 | 1,088,071 |
| West Corp., Incremental Term Loan B-3, 7.25%, 10/24/13 | 1,797 | 1,790,602 |
| | | 16,071,229 |
| Construction & Engineering 0.6% | | |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | 3,750 | 3,750,000 |

See Notes to Financial Statements.

34 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (a) | | |
| Construction Materials 0.2% | | |
| Fairmount Minerals Ltd., Term Loan B, 6.25%, 8/05/16 | USD 975 | \$ 975,407 |
| Consumer Finance 1.5% | | |
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15 | 6,750 | 6,669,844 |
| Daimler Chrysler Financial Services Americas LLC, Term Loan (Second Lien), 6.78%, 8/05/13 | 2,661 | 2,651,778 |
| | | 9,321,622 |
| Containers & Packaging 0.1% | | |
| BWAY Holdings Co., Term Loan B, 5.50% 6.00%, 6/16/17 | 594 | 593,543 |
| ICL Industrial Containers ULC/ICL Contenants Industriels ULC (FKA BWAY), Term Loan C, 5.50% 6.00%, 6/16/17 | 56 | 55,680 |
| | | 649,223 |
| Diversified Consumer Services 1.9% | | |
| Coinmach Service Corp., Term Loan, 3.35%, 11/14/14 | 4,643 | 4,047,991 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | 4,646 | 4,567,981 |
| ServiceMaster Co.: | | |
| Closing Date Loan, 2.77% 3.04%, 7/24/14 | 3,315 | 3,046,795 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | 330 | 303,415 |
| | | 11,966,182 |
| Diversified Financial Services 0.9% | | |
| Professional Service Industries, Inc., Term Loan (First Lien), 3.02%, 10/31/12 | 508 | 406,110 |
| Reynolds Group Holdings, Inc.: | | |
| Incremental US Term Loan, 6.25%, 5/05/16 | 4,300 | 4,269,543 |
| US Term Loan, 6.25%, 5/05/16 | 841 | 836,833 |
| | | 5,512,486 |
| Diversified Telecommunication Services 1.5% | | |
| Cincinnati Bell Inc., Tranche B Term Loan, 6.50%, 6/11/17 | 2,893 | 2,871,054 |
| Hawaiian Telcom Communications, Inc., Tranche C Term Loan, 4.75%, 5/30/14 (g) | 1,959 | 1,371,192 |
| Level 3 Communications, Incremental Term Loan, 2.53% 2.78%, 3/13/14 | 2,750 | 2,463,398 |

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| | | | |
|--|-----|-------|------------------------|
| Wind Telecomunicazioni SpA, Term Loan Facility A1, 3.14%, 9/22/12 | EUR | 2,067 | 2,541,646 9,247,290 |
|--|-----|-------|------------------------|

Electric Utilities 0.8%

| | | | |
|---|-----|-------|-----------|
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | USD | 4,500 | 4,545,000 |
| TPF Generation Holdings, LLC: | | | |
| Synthetic Letter of Credit Deposit (First Lien), 0.43%, 12/15/13 | | 151 | 141,197 |
| Synthetic Revolving Deposit, 0.43%, 12/15/11 | | 47 | 44,262 |
| Term Loan (First Lien), 2.53%, 12/15/13 | | 376 | 352,652 |
| | | | 5,083,111 |

Electronic Equipment, Instruments & Components 1.6%

| | | | |
|---|--|-------|------------|
| CDW LLC (FKA CDW Corp.), Term Loan, 4.28%, 10/10/14 | | 2,793 | 2,501,185 |
| Deutsche Group SAS (FKA Matinvest 2 SAS): | | | |
| Facility B-2, 3.91%, 6/22/14 | | 33 | 28,253 |
| Facility C-2, 4.16%, 6/22/15 | | 110 | 93,541 |
| Deutsche Group SAS (FKA Matinvest 2 SAS)/Butterfly | | | |
| Wendel US, Inc. (Deutsche Connector): | | | |
| Facility B-2, 3.91%, 6/22/14 | | 445 | 378,594 |
| Facility C-2, 4.16%, 6/22/15 | | 719 | 612,331 |
| Flextronics International Ltd.: | | | |
| Closing Date Loan A, 2.53% 2.56%, 10/01/14 | | 1,184 | 1,108,407 |
| Closing Date Loan B, 2.56%, 10/01/12 | | 3,681 | 3,544,363 |
| Styron Sarl, Term Loan, 7.50%, 6/17/16 | | 1,900 | 1,914,839 |
| | | | 10,181,513 |

Energy Equipment & Services 0.4%

| | | | |
|--|--|-------|-----------|
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | | 2,712 | 2,705,226 |
|--|--|-------|-----------|

Food & Staples Retailing 0.7%

| | | | |
|--|--|-------|-----------|
| Pierre Foods, Term Loan, 7.00%, 3/03/16 | | 1,594 | 1,589,475 |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | | 3,020 | 3,023,279 |
| | | | 4,612,754 |

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Floating Rate Loan Interests (a) | | | |
| Food Products 0.7% | | | |
| Dole Food Co., Inc., Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17 | USD | 127 | \$ 127,565 |

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| | | |
|---|-------|------------|
| Pilgrim s Pride Corp., Term Loan A, 5.53%, 12/01/12 | 2,035 | 2,014,650 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | 1,806 | 1,807,757 |
| Solvest, Ltd. (Dole) Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17 | 312 | 312,062 |
| | | 4,262,034 |
| Health Care Providers & Services 3.0% | | |
| Ardent Medical Services, Inc., Term Loan, 6.50%, 9/15/15 | 1 | 1,291 |
| CHS/Community Health Systems, Inc.: | | |
| Delayed Draw Term Loan, 2.55%, 7/25/14 | 274 | 258,620 |
| Term Loan Facility, 2.55%, 7/25/14 | 5,350 | 5,044,382 |
| HCA, Inc.: | | |
| Tranche A-1 Term Loan, 2.03%, 11/16/12 | 2,361 | 2,271,652 |
| Tranche B-1 Term Loan, 2.78%, 11/18/13 | 340 | 327,248 |
| Harden Healthcare LLC: | | |
| Add-on Term Loan 7.75%, 3/02/15 | 4,200 | 4,116,000 |
| Tranche A Term Loan 8.50%, 2/22/15 | 694 | 679,764 |
| inVentiv Health, Inc. (FKA Ventive Health Inc.), | | |
| Term Loan B, 6.50%, 7/31/16 | 2,950 | 2,944,469 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 6.00%, 6/03/16 | 1,400 | 1,400,000 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 1,431 | 1,413,677 |
| | | 18,457,103 |
| Health Care Technology 0.4% | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | 2,606 | 2,610,606 |
| Hotels, Restaurants & Leisure 5.0% | | |
| BLB Worldwide Holdings, Inc. (Wembley, Inc.), First Priority Term Loan, 4.75%, 7/18/11 | 2,471 | 1,779,303 |
| Harrah s Operating Co., Inc.: | | |
| Term Loan B-1, 3.50%, 1/28/15 | 449 | 383,817 |
| Term Loan B-3, 3.50% 3.53%, 1/28/15 | 4,046 | 3,457,043 |
| Term Loan B-4, 9.50%, 10/31/16 | 1,244 | 1,269,317 |
| OSI Restaurant Partners, LLC, Pre-Funded RC Loan, 0.36% 2.88%, 6/14/13 | 32 | 28,446 |
| Penn National Gaming, Inc., Term Loan B, 2.01% 2.24%, 10/03/12 | 2,828 | 2,758,131 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | 3,807 | 3,810,880 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 6.00%, 6/30/16 | 4,838 | 4,781,729 |

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| | | | |
|--|-----|-------|------------|
| Travelport LLC (FKA Travelport, Inc.), Loan, 8.37%, 3/27/12 (g) | | 5,026 | 4,674,156 |
| Universal City Development Partners, Ltd. Term Loan, 7.75%, 11/06/14 | | 3,731 | 3,749,906 |
| VML US Finance LLC (FKA Venetian Macau): Term B Delayed Draw Project Loan, 5.04%, 5/25/12 | | 1,568 | 1,540,510 |
| Term B Funded Project Loan, 5.04%, 5/27/13 | | 2,714 | 2,658,515 |
| | | | 30,891,753 |
| Household Durables 0.0% | | | |
| Berkline/Benchcraft, LLC, Term Loan, 14.00%, 11/03/11 (b)(g)(h) | | 125 | 6,274 |
| IT Services 2.5% | | | |
| Amadeus IT Group SA/Amadeus Verwaltungs GmbH: Term B3 Facility, 4.15%, 6/30/13 | EUR | 307 | 376,283 |
| Term B4 Facility, 4.15%, 6/30/13 | | 119 | 145,608 |
| Term C3 Facility, 4.65%, 6/30/14 | | 307 | 376,283 |
| Term C4 Facility, 4.65%, 6/30/14 | | 118 | 143,673 |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | USD | 1,373 | 1,221,751 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | | 1,225 | 1,197,437 |
| First Data Corp.: Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | | 2,694 | 2,299,510 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | | 1,206 | 1,028,260 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|--------------|
| Floating Rate Loan Interests (a) | | | |
| IT Services (concluded) | | | |
| SunGard Data Systems, Inc. (Solar Capital Corp.), | | | |
| Incremental Term Loan, 6.75%, 2/28/14 | USD | 1,434 | \$ 1,432,240 |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17 | | 6,000 | 6,054,378 |
| Travelex Plc: | | | |
| Term Loan B, 3.02%, 10/31/13 | | 712 | 651,605 |
| Term Loan C, 3.52%, 10/31/14 | | 712 | 651,605 |
| | | | 15,578,633 |
| Independent Power Producers & Energy Traders 0.4% | | | |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | | |
| Initial Tranche B-2 Term Loan, 3.79% 4.07%, | | | |
| 10/10/14 | | 267 | 202,568 |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%, | | | |
| 10/10/14 | | 2,705 | 2,038,746 |
| | | | 2,241,314 |
| Industrial Conglomerates 0.4% | | | |
| Sequa Corp., Term Loan, 3.79%, 12/03/14 | | 2,325 | 2,139,000 |
| Machinery 0.1% | | | |
| Oshkosh Truck Corp., Term Loan B, 6.44% 6.54%, | | | |
| 12/06/13 | | 656 | 659,750 |
| Media 7.1% | | | |
| Atlantic Broadband Finance, LLC: | | | |
| Tranche B-2-A Term Loan, 2.79%, 9/01/11 | | 34 | 34,327 |
| Tranche B-2-B Term Loan, 6.75%, 6/01/13 | | 925 | 909,085 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), | | | |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | 4,073 | 4,059,394 |
| Charter Communications Operating, LLC: | | | |
| New Term Loan, 2.26%, 3/06/14 | | 764 | 722,902 |
| Term Loan B-1, 2.26%, 3/06/14 | | 2,321 | 2,370,365 |
| Term Loan C, 3.79%, 9/06/16 | | 6,201 | 5,930,871 |
| Clarke American Corp., Term Loan B, 2.76%, 6/30/14 | | 1,454 | 1,253,855 |
| FoxCo Acquisition Sub, LLC, Term Loan, 7.50%, 7/14/15 | | 1,839 | 1,769,123 |
| HIT Entertainment, Inc., Term Loan (Second Lien), | | | |

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| | | | |
|---|-----|-------|------------|
| 5.94%, 2/26/13 | | 400 | 257,500 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 5.79%, 6/12/14 (g) | | 3,267 | 2,974,979 |
| Hanley-Wood, LLC, Term Loan, 2.56% 2.63%, 3/10/14 | | 2,700 | 1,167,668 |
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17 | | 1,550 | 1,559,041 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG): | | | |
| Facility B-1, 3.52%, 6/30/15 | EUR | 337 | 322,477 |
| Facility C-1, 3.77%, 6/30/16 | | 337 | 322,477 |
| Facility D, 4.89%, 12/28/16 | | 904 | 731,962 |
| MCNA Cable Holdings LLC (OneLink Communications), Loan, 6.89%, 3/01/13 (g) | USD | 2,004 | 1,703,131 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | | 993 | 972,327 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 4,505 | 4,780,931 |
| Penton Media, Inc., Term Loan (First Lien), 5.00%, 8/01/14 (g) | | 1,092 | 753,761 |
| Protostar Ltd., Debtor in Possession Term Loan, 18.00%, 10/26/10 | | 646 | 646,395 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 1,300 | 1,629,579 |
| Sunshine Acquisition Ltd. (AKA HIT Entertainment), Term Facility, 5.68%, 6/01/12 | USD | 1,997 | 1,862,343 |
| TWCC Holdings Corp. Replacement Term Loans, 5.00%, 9/14/15 | USD | 2,005 | 2,002,059 |
| UPC Financing Partnership, Facility U, 4.64%, 12/31/17 EUR | | 1,838 | 2,161,542 |
| Virgin Media Investment Holdings Ltd., Facility B, 4.78%, 12/31/15 | GBP | 750 | 1,115,016 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.60%, 4/30/14 | USD | 842 | 812,365 |
| Yell Group Plc, Facility B-1 YB (USA) LLC, 4.01%, 7/31/14 | | 1,817 | 1,053,898 |
| | | | 43,879,373 |

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Floating Rate Loan Interests (a) | | | |
| Metals & Mining 0.1% | | | |
| Drummond Co., Inc., Term Advance, 1.51%, 2/14/11 | USD | 525 | \$ 509,250 |
| Multi-Utilities 0.1% | | | |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): Synthetic Letter of Credit, 0.41%, 11/01/13 | | 13 | 12,479 |

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| | | | |
|--|-----|-------|-----------|
| Term B Advance (First Lien), 3.06%, 11/01/13 | | 800 | 742,348 |
| Mach Gen, LLC, Synthetic Letter of Credit Loan (First Lien), 0.28%, 2/22/13 | | 69 | 64,156 |
| | | | 818,983 |
| Multiline Retail 0.8% | | | |
| Hema Holding BV: | | | |
| Facility B, 2.65%, 7/06/15 | EUR | 344 | 413,023 |
| Facility C, 3.40%, 7/05/16 | | 344 | 413,023 |
| Facility D, 5.65%, 1/01/17 | | 2,600 | 3,047,737 |
| The Neiman Marcus Group, Inc., Term Loan, 2.30%, 4/06/13 | USD | 810 | 767,344 |
| | | | 4,641,127 |
| Oil, Gas & Consumable Fuels 0.8% | | | |
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15 | | 2,250 | 2,277,187 |
| Turbo Beta Ltd., Dollar Facility, 2.50% 14.50%, 3/15/18 (g) | | 3,166 | 2,508,953 |
| | | | 4,786,140 |
| Paper & Forest Products 0.8% | | | |
| Georgia-Pacific LLC: | | | |
| Term Loan B, 2.30% 2.53%, 12/23/12 | | 3,120 | 3,074,439 |
| Term Loan B-2, 2.30% 2.53%, 12/20/12 | | 1,613 | 1,589,185 |
| Verso Paper Finance Holdings LLC, 6.69% 7.44%, 2/01/13 (g) | | 642 | 385,085 |
| | | | 5,048,709 |
| Personal Products 0.0% | | | |
| American Safety Razor Co., LLC, Term Loan (First Lien), 6.75%, 7/31/13 | | 156 | 143,675 |
| Pharmaceuticals 0.5% | | | |
| Warner Chilcott Co., LLC, Term Loan A, 6.00%, 10/30/14 | | 591 | 589,816 |
| Warner Chilcott Corp.: | | | |
| Additional Term Loan, 6.25%, 4/30/15 | | 1,087 | 1,085,440 |
| Term Loan B-1, 6.25%, 4/30/15 | | 187 | 187,078 |
| Term Loan B-2, 6.25%, 4/30/15 | | 316 | 315,542 |
| Term Loan B-3, 6.50%, 2/20/16 | | 781 | 784,091 |
| Term Loan B-4, 6.50%, 2/20/16 | | 254 | 254,417 |
| | | | 3,216,384 |
| Professional Services 0.2% | | | |
| Booz Allen Hamilton, Inc., Tranche C Term Loan, 6.00%, 7/31/15 | | 1,493 | 1,492,127 |
| Real Estate Management & Development 1.7% | | | |
| Enclave, Term Loan B, 6.14%, 3/01/12 (c)(h) | | 3,000 | |

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| | | |
|---|-------|------------|
| Pivotal Promontory, LLC, Term Loan (Second Lien), 11.50%, 8/31/11 (b)(h) | 750 | 37,500 |
| Realogy Corp.: | | |
| Delayed Draw Term Loan B, 3.30% 3.53%, 10/10/13 | 7,093 | 6,120,566 |
| Initial Term Loan B, 3.30%, 10/10/13 | 1,998 | 1,724,245 |
| Synthetic Letter of Credit, 0.11%, 10/10/13 | 343 | 295,578 |
| Term Facility (Second Lien), 13.50%, 10/15/17 | 2,250 | 2,373,750 |
| | | 10,551,639 |

Semiconductors & Semiconductor Equipment 0.2%

| | | |
|--|-------|---------|
| Freescale Semiconductor, Inc., Extended Maturity Term Loan, 4.56%, 12/01/16 | 1,070 | 956,814 |
|--|-------|---------|

Software 0.3%

| | | |
|--|-----|---------|
| Bankruptcy Management Solutions, Inc., Term Loan (First Lien), 4.27%, 7/31/12 | 935 | 589,207 |
|--|-----|---------|

See Notes to Financial Statements.

36 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|-------------|
| Floating Rate Loan Interests (a) | | |
| Software (concluded) | | |
| Telecommunications Management, LLC: | | |
| Multi-Draw Term Loan, 3.26%, 6/30/13 | USD 230 | \$ 206,988 |
| Term Loan, 3.26%, 6/30/13 | 912 | 820,800 |
| | | 1,616,995 |
| Specialty Retail 0.9% | | |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.63% 2.81%, 10/31/13 | 2,170 | 2,046,329 |
| Term Loan B-2, 4.88% 5.06%, 7/31/16 | 500 | 482,419 |
| OSH Properties LLC (Orchard Supply), B-Note, 2.73%, 12/09/10 | 1,500 | 1,455,150 |
| Toys R US, Inc., Term Loan B, 6.00%, 8/17/16 | 1,300 | 1,296,742 |
| | | 5,280,640 |
| Textiles, Apparel & Luxury Goods 0.2% | | |
| Phillips Van Heusen Corp., US Tranche B Term Loan, 4.75%, 5/06/16 | 1,457 | 1,465,374 |
| Trading Companies & Distributors 0.0% | | |
| Beacon Sales Acquisition, Inc., Term Loan B, 2.26% 2.53%, 9/30/13 | 125 | 117,291 |
| Wireless Telecommunication Services 2.0% | | |
| Cavtel Holdings, LLC, Term Loan, 10.50%, 12/31/12 (g) | 1,131 | 1,069,167 |
| Digicel International Finance Ltd., US Term Loan (Non-Rollover), 3.06%, 3/30/12 | 3,607 | 3,521,723 |
| Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15 | 7,750 | 7,750,000 |
| | | 12,340,890 |
| Total Floating Rate Loan Interests 48.1% | | 298,144,467 |
| Foreign Agency Obligations | | |
| Peru Government International Bond, 8.38%, 5/03/16 (d) | 4,871 | 6,088,750 |
| Turkey Government International Bond, 7.00%, 9/26/16 | 5,093 | 5,869,683 |
| Total Foreign Agency Obligations 1.9% | | 11,958,433 |
| Taxable Municipal Bonds | | |
| State 1.1% | | |

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State of California, GO:

Taxable, Various Purpose 3, Mandatory Put Bonds,

| | | |
|---------------------------------------|-------|-----------|
| 5.65%, 4/01/39 (a) | 625 | 660,113 |
| Various Purpose 3, 5.25%, 4/01/14 | 1,075 | 1,130,405 |
| State of Illinois, GO, 3.32%, 1/01/13 | 5,075 | 5,054,649 |
| Total Municipal Bonds 1.1% | | 6,845,167 |

Non-Agency Mortgage-Backed Securities

Collateralized Mortgage Obligations 5.7%

Adjustable Rate Mortgage Trust, Series 2007-1,

| | | |
|--------------------------------|-------|-----------|
| Class 3A21, 5.97%, 3/25/37 (a) | 3,913 | 3,579,340 |
|--------------------------------|-------|-----------|

Countrywide Alternative Loan Trust, Series 2005-54CB,

| | | |
|----------------------------|-------|-----------|
| Class 3A4, 5.50%, 11/25/35 | 7,647 | 6,190,239 |
|----------------------------|-------|-----------|

Countrywide Home Loan Mortgage Pass-Through Trust:

| | | |
|---|-------|-----------|
| Series 2005-17, Class 1A6, 5.50%, 9/25/35 | 3,857 | 3,503,754 |
|---|-------|-----------|

| | | |
|---|-------|-----------|
| Series 2006-17, Class A2, 6.00%, 12/25/36 | 5,085 | 4,456,174 |
|---|-------|-----------|

| | | |
|---|-------|-----------|
| Series 2007-16, Class A1, 6.50%, 10/25/37 | 2,690 | 2,414,243 |
|---|-------|-----------|

| | | |
|--|-------|-----------|
| Series 2007-HY5, Class 3A1, 6.02%, 9/25/37 (a) | 3,981 | 3,308,204 |
|--|-------|-----------|

GSR Mortgage Loan Trust, Series 2005-AR5, Class 2A3,

| | | |
|---------------------|-------|-----------|
| 3.49%, 10/25/35 (a) | 3,019 | 2,314,869 |
|---------------------|-------|-----------|

Morgan Stanley Reremic Trust, Series 2010-R4,

| | | |
|---------------------------------|-------|-----------|
| Class 4A, 0.49%, 2/26/37 (a)(b) | 4,000 | 3,770,000 |
|---------------------------------|-------|-----------|

| | Par (000) | Value |
|--|--------------|-------|
|--|--------------|-------|

Non-Agency Mortgage-Backed Securities

Collateralized Mortgage Obligations (concluded)

Mound Financing Plc, Series 4X, Class 3A, 1.02%,

| | | | |
|--------------|-----|-------|--------------|
| 11/08/32 (a) | EUR | 1,250 | \$ 1,578,466 |
|--------------|-----|-------|--------------|

WaMu Mortgage Pass-Through Certificates, Series

| | | | |
|---|-----|-------|-----------|
| 2006-AR14, Class 1A1, 5.52%, 11/25/36 (a) | USD | 2,020 | 1,790,035 |
|---|-----|-------|-----------|

Wells Fargo Mortgage-Backed Securities Trust, Series

| | | | |
|---|--|-------|-----------|
| 2005-AR2, Class 2A1, 2.88%, 3/25/35 (a) | | 2,845 | 2,569,147 |
|---|--|-------|-----------|

35,474,471

Commercial Mortgage-Backed Securities 7.5%

Banc of America Commercial Mortgage, Inc. (a):

| | | | |
|---|--|-------|-----------|
| Series 2007-2, Class A2, 5.63%, 4/10/49 | | 6,683 | 6,931,046 |
|---|--|-------|-----------|

| | | | |
|---|--|-------|-----------|
| Series 2007-3, Class A2, 5.84%, 6/10/49 | | 2,975 | 3,117,717 |
|---|--|-------|-----------|

| | | | |
|---|--|-------|-----------|
| Series 2007-4, Class A4, 5.84%, 2/10/51 | | 2,150 | 2,292,850 |
|---|--|-------|-----------|

Citigroup/Deutsche Bank Commercial Mortgage Trust,

| | | | |
|---|--|-------|-----------|
| Series 2007-CD4, Class A2B, 5.21%, 12/11/49 | | 3,235 | 3,366,559 |
|---|--|-------|-----------|

Credit Suisse Mortgage Capital Certificates, Class A2 (a):

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| | | |
|--|--------|------------|
| Series 2007-C2, 5.45%, 1/15/49 | 1,835 | 1,881,385 |
| Series 2007-C3, 5.91%, 6/15/39 | 4,150 | 4,297,704 |
| Greenwich Capital Commercial Funding Corp., Series 2007-GG9, Class A4, 5.44%, 3/10/39 | 2,110 | 2,209,982 |
| JPMorgan Chase Commercial Mortgage Securities Corp., Class A4: | | |
| Series 2007-CB18, 5.44%, 6/12/47 | 2,110 | 2,208,953 |
| Series 2007-CB19, 5.94%, 2/12/49 (a) | 2,140 | 2,244,372 |
| Morgan Stanley Capital I, Series 2007-IQ15, Class A2, 6.04%, 6/11/49 (a) | 2,007 | 2,119,103 |
| Wachovia Bank Commercial Mortgage Trust, Series 2007-C33, Class A2, 6.05%, 2/15/51 (a)(i) | 15,000 | 15,666,293 |
| | | 46,335,964 |
| Total Non-Agency Mortgage-Backed Securities 13.2% | | 81,810,435 |

**Beneficial
Interest
(000)**

Other Interests (j)

Auto Components 1.1%

| | | |
|---|-------|-----------|
| Dayco Products LLC Mark IV Industrials, Inc. | 14 | 534,318 |
| Delphi Debtor-in-Possession Holding Co. LLP Class B Membership Interests | (k) | 6,235,788 |
| Lear Corp. Escrow | 1,000 | 12,500 |
| | | 6,782,606 |

Diversified Financial Services 0.2%

| | | |
|---|---|-----------|
| J.G. Wentworth LLC Preferred Equity Interests (l) | 1 | 1,308,236 |
|---|---|-----------|

Health Care Providers & Services 0.0%

| | | |
|---|---|-------|
| Critical Care Systems International, Inc. | 8 | 1,525 |
|---|---|-------|

Household Durables 0.0%

| | | |
|--------------------------------|---|--|
| Berkline Benchcraft Equity LLC | 3 | |
|--------------------------------|---|--|

| | | |
|-----------------------------------|--|-----------|
| Total Other Interests 1.3% | | 8,092,367 |
|-----------------------------------|--|-----------|

Preferred Stocks

Shares

Media 0.0%

| | | |
|--|--------|--|
| CMP Susquehanna Radio Holdings Corp. (b)(c)(m) | 45,243 | |
|--|--------|--|

Specialty Retail 0.0%

| | | |
|------------------------------|-----|---------|
| Lazydays RV Center, Inc. (c) | 224 | 266,770 |
|------------------------------|-----|---------|

| | | |
|------------------------------------|--|---------|
| Total Preferred Stocks 0.0% | | 266,770 |
|------------------------------------|--|---------|

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)

(Percentages shown are based on Net Assets)

| U.S. Government Sponsored | Par | |
|---|------------------|--------------|
| Agency Securities | (000) | Value |
| Interest Only Collateralized Mortgage Obligations 0.3% | | |
| Ginnie Mae Mortgage-Backed Securities, Series 2008-7, Class SA, 3.14%, 2/20/38 (a) | USD 19,538 | \$ 2,016,073 |
| Non-Agency Mortgage-Backed Securities | | |
| Mortgage-Backed Securities 8.9% | | |
| Fannie Mae Mortgage-Backed Securities: | | |
| 4.00%, 9/15/40 (n) | 2,400 | 2,485,126 |
| 6.00%, 7/01/37 3/01/38 | 25,045 | 27,013,266 |
| Freddie Mac Mortgage-Backed Securities, 4.50%, 4/01/25 (d) | 23,799 | 25,348,651 |
| | | 54,847,043 |
| Total U.S. Government Sponsored | | |
| Agency Securities 9.2% | | 56,863,116 |
| U.S. Treasury Obligations | | |
| U.S. Treasury Notes, 1.75%, 7/31/15 | 875 | 893,323 |
| Total U.S. Treasury Obligations 0.2% | | 893,323 |
| Warrants (o) | Shares | |
| Machinery 0.0% | | |
| Synventive Molding Solutions (Expires 1/15/13) | 1 | |
| Media 0.0% | | |
| CMP Susquehanna Radio Holdings Corp. (Expires 3/26/19) | 51,701 | |
| Oil, Gas & Consumable Fuels 0.0% | | |
| Turbo Cayman Ltd. (No expiration) | 2 | |
| Software 0.0% | | |
| HMH Holdings/EduMedia (Expires 3/09/17) | 209,988 | |
| Total Warrants 0.0% | | |
| Total Long-Term Investments | | |
| (Cost \$773,073,429) 123.4% | | 764,009,083 |
| Options Purchased | Contracts | |
| Exchange-Traded Put Options 0.0% | | |
| Eurodollar 1-Year Mid-Curve Options, Strike Price USD 97.25, expires 9/10/10, | | |

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| | | |
|---|-----|---------------|
| Broker Citibank NA | 127 | 794 |
| Over-the-Counter Call Options 0.0% | | |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, expires 12/21/19, | | |
| Broker Goldman Sachs Bank USA | 46 | |
| Total Options Purchased | | |
| (Cost \$66,003) 0.0% | | 794 |
| Total Investments (Cost \$773,139,432*) 123.4% | | 764,009,877 |
| Liabilities in Excess of Other Assets (23.4)% | | (144,628,707) |
| Net Assets 100.0% | | \$619,381,170 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 770,558,928 |
| Gross unrealized appreciation | \$ 24,787,132 |
| Gross unrealized depreciation | (31,336,183) |
| Net unrealized depreciation | \$ (6,549,051) |

- (a) Variable rate security. Rate shown is as of report date.
- (b) Non-income producing security.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) Security or a portion of security held as collateral for reverse repurchase agreements.
- (e) Convertible security.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Represents a payment-in-kind security, which may pay interest/dividends in additional face/shares.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) All or a portion of security has been pledged as collateral in connection with the TALF Program.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Amount is less than \$1,000.
- (l) The investment is held by a wholly owned taxable subsidiary of the Fund.
- (m) Security is perpetual in nature and has no stated maturity date.
- (n) Represents or includes a to-be-announced (TBA) transaction. Unsettled TBA transactions as of report date were as follows:

| Counterparty | Value | Unrealized Appreciation |
|--------------|-------|----------------------------|
|--------------|-------|----------------------------|

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Goldman Sachs & Co. \$ 2,485,126 \$ 40,126

(o) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income |
|--|---|-------------------------|---|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 96,671,566 | (96,671,566) | | \$ 52,896 |

Financial futures contracts purchased as of August 31, 2010 were as follows:

| Contracts | Issue | Exchange | Expiration Notional Date | Value | Unrealized Appreciation (Depreciation) |
|------------------|------------------------------|---------------------------|---|--------------|---|
| 76 | 5-Year U.S. Treasury Bond | Chicago Board of Trade | December 2010 | \$ 9,148,941 | \$ (4,597) |
| 7 | Eurodollar | Chicago Mercantile | June 2013 | \$ 1,707,844 | 9,956 |
| Total | | | | | \$ 5,359 |

See Notes to Financial Statements.

38 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts | Issue | Exchange | Expiration | | Notional Value | Unrealized Depreciation |
|--------------|---------------------------|----------------|------------|------|----------------|-------------------------|
| | | | Date | | | |
| 13 | Eurodollar | Chicago | September | | | |
| | | Mercantile | 2010 | | \$ 3,226,211 | \$ (13,633) |
| | | Chicago | | | | |
| 80 | 2-Year U.S. Treasury Bond | Board of Trade | September | 2010 | \$17,541,118 | (13,882) |
| 13 | Eurodollar | Chicago | December | 2010 | \$ 3,221,410 | (15,103) |
| | | Mercantile | | | | |
| 13 | Eurodollar | Chicago | March | 2011 | \$ 3,216,985 | (17,578) |
| | | Mercantile | | | | |
| 3 | Eurodollar | Chicago | June | 2011 | \$ 740,728 | (5,072) |
| | | Mercantile | | | | |
| 9 | Eurodollar | Chicago | September | 2011 | \$ 2,216,485 | (18,440) |
| | | Mercantile | | | | |
| 9 | Eurodollar | Chicago | December | 2011 | \$ 2,210,985 | (20,565) |
| | | Mercantile | | | | |
| 9 | Eurodollar | Chicago | March | 2012 | \$ 2,205,998 | (21,952) |
| | | Mercantile | | | | |
| 2 | Eurodollar | Chicago | June | 2012 | \$ 489,319 | (4,906) |
| | | Mercantile | | | | |
| 6 | Eurodollar | Chicago | September | 2012 | \$ 1,462,757 | (17,443) |
| | | Mercantile | | | | |
| 6 | Eurodollar | Chicago | December | 2012 | \$ 1,459,007 | (18,418) |
| | | Mercantile | | | | |
| 6 | Eurodollar | Chicago | March | 2013 | \$ 1,455,919 | (19,181) |
| | | Mercantile | | | | |
| Total | | | | | | \$ (186,173) |

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Currency | Counterparty | Settlement | | Unrealized (Depreciation) |
|--------------------|----------------|----------|------------------|-------------------|--|---------------------------|
| | | | | Appreciation Date | | |
| EUR 20,628,300 | USD 26,577,182 | | Citibank NA | 9/15/10 | | \$ (436,521) |
| EUR 1,300,200 | USD 1,704,557 | | Deutsche Bank AG | 9/15/10 | | (56,914) |

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| | | | | | | |
|--------------|------------|-----|-----------|--|---------------|-------------------|
| USD | 74,288,264 | | EUR | | | |
| 58,768,000 | | | | | Citibank NA | 9/15/10 (183,911) |
| | | | 581,500 | | Deutsche Bank | |
| USD | 749,853 | EUR | AG | | | 9/15/10 12,963 |
| USD | 7,582,988 | GBP | 4,967,500 | | Citibank NA | 10/20/10 (32,762) |
| Total | | | | | | \$ (697,145) |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|--------------------------------|-----------------------|---------------------|-------------------|------------------------------|--------------------------------|
| K. Hovnanian Enterprises, Inc. | 5.00% | 800 Goldman Sachs | December | USD | \$ 47,572 |
| K. Hovnanian Enterprises, Inc. | 5.00% | Bank USA | 2011 | Goldman Sachs | 25,429 |
| Total | | | | USD 300 | \$ 73,001 |

Reverse repurchase agreements outstanding as of August 31, 2010 were as follows:

| Counterparty | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount |
|------------------------------------|----------------------|-------------------|----------------------|---------------------------|--------------------|
| RBS Securities Inc. | 0.50% | 4/28/10 | Open | \$ 1,098,594 | \$ 1,097,250 |
| RBS Securities Inc. | 0.50% | 4/30/10 | Open | 1,261,669 | 1,260,150 |
| Credit Suisse Securities (USA) LLC | 0.60% | 5/25/10 | Open | 3,652,439 | 3,648,926 |
| Credit Suisse Securities (USA) LLC | 0.60% | 6/4/10 | Open | 1,420,292 | 1,418,189 |
| Credit Suisse Securities (USA) LLC | 0.60% | 6/4/10 | Open | 2,503,709 | 2,500,000 |
| Credit Suisse Securities (USA) LLC | 0.60% | 6/4/10 | Open | 3,018,988 | 3,014,516 |

Reverse repurchase agreements outstanding as of August 31, 2010 were as follows (concluded):

| Counterparty | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount |
|---------------------|----------------------|-------------------|----------------------|---------------------------|--------------------|
| Credit Suisse | | | | | |

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| | | | | | |
|---------------|-------|---------|------|--------------|--------------|
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/4/10 | Open | \$ 5,465,318 | \$ 5,457,223 |
| Barclays | | | | | |
| Capital Inc. | 0.45% | 6/4/10 | Open | 2,907,231 | 2,904,000 |
| Barclays | | | | | |
| Capital Inc. | 0.45% | 6/4/10 | Open | 2,915,108 | 2,911,869 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/10/10 | Open | 2,292,542 | 2,289,375 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/10/10 | Open | 2,699,729 | 2,696,000 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/11/10 | Open | 2,754,891 | 2,751,131 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/14/10 | Open | 2,493,354 | 2,490,075 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/14/10 | Open | 1,936,546 | 1,934,000 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/14/10 | Open | 2,476,256 | 2,473,000 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 6/14/10 | Open | 1,448,905 | 1,447,000 |
| Barclays | | | | | |
| Capital Inc. | 0.45% | 6/29/10 | Open | 5,711,691 | 5,707,125 |
| Barclays | | | | | |
| Capital Inc. | 0.45% | 6/29/10 | Open | 2,994,857 | 2,992,500 |
| Barclays | | | | | |
| Capital Inc. | 0.45% | 6/29/10 | Open | 2,912,854 | 2,910,563 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.40% | 7/14/10 | Open | 4,881,500 | 4,878,844 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.45% | 7/21/10 | Open | 5,501,028 | 5,498,140 |
| Credit Suisse | | | | | |
| Securities | | | | | |

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| | | | | | |
|-----------------|-------|---------|---------|----------------------|----------------------|
| (USA) LLC | 0.60% | 7/22/10 | Open | 1,662,135 | 1,661,000 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.60% | 7/26/10 | Open | 6,536,852 | 6,532,824 |
| Barclays | | | | | |
| Capital Inc. | 0.40% | 8/09/10 | Open | 1,969,356 | 1,968,875 |
| Barclays | | | | | |
| Capital Inc. | 0.40% | 8/09/10 | Open | 7,464,824 | 7,463,000 |
| BNP Paribas | | | | | |
| Securities | 0.25% | 8/12/10 | 9/14/10 | 6,035,838 | 6,035,000 |
| Credit Suisse | | | | | |
| Securities | | | | | |
| (USA) LLC | 0.27% | 8/13/10 | 9/14/10 | 7,025,001 | 7,024,000 |
| Deutsche Bank | | | | | |
| Securities Inc. | 0.27% | 8/24/10 | 9/14/10 | 8,046,483 | 8,046,000 |
| Barclays | | | | | |
| Capital Inc. | 0.28% | 8/27/10 | 9/14/10 | 3,524,137 | 3,524,000 |
| Barclays | | | | | |
| Capital Inc. | 0.40% | 8/31/10 | Open | 6,013,567 | 6,013,500 |
| Total | | | | \$110,625,694 | \$110,548,075 |

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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

39

Schedule of Investments (concluded)

BlackRock Limited Duration Income Trust (BLW)

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|----------------|----------------|----------------|---------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term | | | | |
| Investments: | | | | |
| Asset-Backed | | | | |
| Securities | | \$ 33,036,158 | \$ 2,092,187 | \$ 35,128,345 |
| Common Stocks | \$ 1,205,984 | 366,889 | 1,247,224 | 2,820,097 |
| Corporate Bonds | | 257,773,782 | 3,412,781 | 261,186,563 |
| Floating Rate | | | | |
| Loan Interests | | 235,983,573 | 62,160,894 | 298,144,467 |
| Foreign Agency | | | | |
| Obligations | | 11,958,433 | | 11,958,433 |
| Taxable Municipal Bonds | | 6,845,167 | | 6,845,167 |
| Non-Agency | | | | |
| Mortgage-Backed | | | | |
| Securities | | 78,040,435 | 3,770,000 | 81,810,435 |

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| | | | | |
|-------------------------------------|---------------------|----------------------|----------------------|----------------------|
| Other Interests | | 6,235,788 | 1,856,579 | 8,092,367 |
| Preferred Stocks | | | 266,770 | 266,770 |
| U.S. Government Sponsored Agency | | | | |
| Securities | | 56,863,116 | | 56,863,116 |
| U.S. Treasury Obligations | | 893,323 | | 893,323 |
| Liabilities: | | | | |
| TALF Loan | | (12,685,079) | | (12,685,079) |
| Unfunded Loan | | | | |
| Commitments | | | (173,683) | (173,683) |
| Total | \$ 1,205,984 | \$675,311,585 | \$ 74,632,752 | \$751,150,321 |

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|---------------------|---------|---------------------|
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 12,963 | | \$ 12,963 |
| Interest rate contracts | \$ 10,750 | | | 10,750 |
| Credit contracts | | 73,001 | | 73,001 |
| Liabilities: | | | | |
| Foreign currency exchange contracts | | (710,108) | | (710,108) |
| Interest rate contracts | (190,770) | | | (190,770) |
| Total | \$ (180,020) | \$ (624,144) | | \$ (804,164) |

¹ Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

| Asset-Backed | Common | Corporate | Non-Agency | | Preferred | Unfunded | Total |
|--------------|--------|-----------|---------------|-----------------|-----------|----------|-------------|
| | | | Floating Rate | Mortgage-Backed | | | |
| Securities | Stocks | Bonds | Loan | Securities | Interests | Stocks | Commitments |
| | | | Interests | | | | |

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Assets/Liabilities:

| | | | | | | | | | |
|---|---------------------|------------------|---------------------|----------------------|--------------------|--------------------|-------------------|---------------------|--------------------|
| Balance, as of August 31, 2009 | \$ 2,668,212 | \$ 81,956 | \$ 6,270,943 | \$ 83,910,390 | | \$ 504,368 | | \$ 63,812 | \$ 93,499,6 |
| Accrued discounts/premiums | | | | 886,751 | | | | | 886,7 |
| Net realized gain (loss) | (165) | | (1,222,602) | (14,975,731) | | | | | (16,198,49 |
| Net change in unrealized appreciation/depreciation ² | (575,860) | | 6,374,382 | 31,554,093 | | 805,393 | | (237,495) | 37,920,5 |
| Purchases | | | 294,731 | 35,149,956 | | | | | 35,444,6 |
| Sales | | | (7,151,809) | (89,156,758) | | | | | (96,308,56 |
| Transfers in ³ | | 1,247,224 | 63,320 | 42,019,134 | \$3,770,000 | 546,818 | \$ 266,770 | | 47,913,2 |
| Transfers out ³ | | (81,956) | (1,216,184) | (27,226,941) | | | | | (28,525,08 |
| Balance, as of August 31, 2010 | \$ 2,092,187 | 1,247,224 | \$ 3,412,781 | \$ 62,160,894 | \$3,770,000 | \$1,856,579 | \$ 266,770 | \$ (173,683) | \$ 74,632,7 |

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$12,847,016.

³ The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

40 ANNUAL REPORT

AUGUST 31, 2010

Statements of Assets and Liabilities

| | BlackRock Defined Opportunity Credit Trust (BHL) | BlackRock Diversified Income Strategies Fund, Inc. (DVF) | BlackRock Floating Rate Income Strategies Fund, Inc. (FRA) | BlackRock Limited Duration Income Trust (BLW) |
|--|--|---|---|--|
| August 31, 2010 | | | | |
| Assets | | | | |
| | | | | \$ |
| Investments at value unaffiliated ¹ | \$ 147,396,270 | \$ 160,736,123 | \$ 323,229,565 | 764,009,877 |
| Investments at value affiliated ² | 1,172,197 | 1,822,139 | 788,199 | |
| Unrealized appreciation on foreign currency exchange contracts | 19,857 | 20,629 | 3,136 | 12,963 |
| Unrealized appreciation on unfunded loan commitments | 3,688 | 3,118 | 6,517 | |
| Unrealized appreciation on swaps | | | | 73,001 |
| Foreign currency at value ³ | 19,910 | 33,052 | 40,324 | 19,008 |
| Cash | | | 180,154 | |
| Cash pledged as collateral for financial futures contracts | | | | 70,000 |
| Investments sold receivable | 5,569,574 | 4,326,983 | 9,754,890 | 20,124,246 |
| Interest receivable | 1,131,735 | 1,512,683 | 3,030,924 | 8,559,224 |
| Principal paydown receivable | 6,259 | 9,062 | 12,006 | 49,902 |
| Commitment fees receivable | 2,192 | 2,834 | 4,454 | 10,785 |
| Swap premium paid | | 3,973 | | 91,929 |
| Dividends receivable affiliated | | | | 588 |
| Swaps receivable | | 1,840 | | 121,500 |
| Margin variation receivable | | | | 15,725 |
| Reverse repurchase agreements receivable | | | | 6,013,500 |
| Prepaid expenses | 51,758 | 46,750 | 87,589 | 50,819 |
| Other assets | 126,609 | 535,014 | 229,558 | 999,344 |
| Total assets | 155,500,049 | 169,054,200 | 337,367,316 | 800,222,411 |
| Liabilities | | | | |
| Bank overdraft | | | | 3,179,743 |
| Loan payable | 24,000,000 | 29,000,000 | 53,000,000 | |
| TALF loan at value ⁴ | | | | 12,685,079 |
| Unrealized depreciation on unfunded loan commitments | 50,431 | 49,778 | 75,622 | 173,683 |
| Unrealized depreciation on foreign currency exchange contracts | 20,335 | 34,968 | 50,859 | 710,108 |
| Unrealized depreciation on swaps | | 21,480 | | |
| Reverse repurchase agreements | | | | 110,548,075 |
| Investments purchased payable unaffiliated | 8,759,868 | 10,234,338 | 19,300,306 | 50,424,519 |
| Investments purchased payable affiliated | | | | 1,807,884 |
| Investment advisory fees payable | 123,661 | 100,855 | 200,996 | 343,956 |

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| | | | | |
|-------------------------------------|------------|------------|------------|-------------|
| Deferred income | 70,954 | 78,162 | 77,040 | 311,327 |
| Swaps payable | | 1,000 | | 11,000 |
| Income dividends payable | 92,557 | | | 106,034 |
| Interest expense payable | 51,348 | 60,832 | 114,152 | 97,771 |
| Officers and Directors fees payable | 289 | 344 | 699 | 157,133 |
| Other affiliates payable | 466 | 492 | 982 | 2,242 |
| Other accrued expenses payable | 239,947 | 78,341 | 143,671 | 262,963 |
| Other liabilities | 28,578 | 8,912 | 23,811 | 19,724 |
| Total liabilities | 33,438,434 | 39,669,502 | 72,988,138 | 180,841,241 |

\$

Net Assets \$ 122,061,615 \$ 129,384,698 \$ 264,379,178 619,381,170

Net Assets Consist of

\$

| | | | | |
|--|----------------|----------------|----------------|--------------|
| Paid-in capital ^{5,6,7} | \$ 127,810,268 | \$ 229,461,302 | \$ 350,161,815 | 701,342,104 |
| Undistributed (distributions in excess of) net investment income | 784,213 | (166,631) | (512,837) | 6,278,697 |
| Accumulated net realized loss | (7,037,623) | (84,093,996) | (71,880,845) | (78,454,138) |
| Net unrealized appreciation/depreciation | 504,757 | (15,815,977) | (13,388,955) | (9,785,493) |

\$

Net Assets \$ 122,061,615 \$ 129,384,698 \$ 264,379,178 619,381,170

Net asset value \$ 13.55 \$ 10.47 \$ 14.36 \$ 16.79

\$

| | | | | |
|---|----------------|----------------|----------------|-------------|
| ¹ Investments at cost unaffiliated | \$ 146,852,174 | \$ 176,511,087 | \$ 336,503,892 | 773,139,432 |
| ² Investments at cost affiliated | \$ 1,172,197 | \$ 1,822,139 | \$ 788,199 | |
| ³ Foreign currency at cost | \$ 20,036 | \$ 33,350 | \$ 40,312 | \$ 22,897 |
| ⁴ Proceeds from TALF loan | | | | 12,685,079 |
| ⁵ Par value per share | \$ 0.001 | \$ 0.10 | \$ 0.10 | \$ 0.001 |
| ⁶ Shares outstanding | 9,008,704 | 12,358,847 | 18,409,087 | 36,889,650 |
| ⁷ Shares authorized | unlimited | 200 million | 200 million | unlimited |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

41

Statements of Assets and Liabilities (concluded)

| | BlackRock Senior Floating Rate Fund, Inc. | BlackRock Senior Floating Rate Fund II, Inc. |
|--|---|--|
| August 31, 2010 | | |
| Assets | | |
| | | \$ |
| Investment at value Master Senior Floating Rate LLC (the Master LLC) | \$ 299,318,065 | 151,069,115 |
| Capital shares sold receivable | 606,466 | 372,317 |
| Prepaid expenses | 174,475 | 98,454 |
| Total assets | 300,099,006 | 151,539,886 |
| Liabilities | | |
| Income dividends payable | 1,131,781 | 555,125 |
| Contributions payable to the Master LLC | 606,466 | 372,317 |
| Administration fees payable | 63,168 | 50,808 |
| Other affiliates payable | 1,961 | 393 |
| Officers fees payable | 397 | 195 |
| Other accrued expenses payable | 160,661 | 78,184 |
| Total liabilities | 1,964,434 | 1,057,022 |
| | | \$ |
| Net Assets | \$ 298,134,572 | 150,482,864 |
| Net Assets Consist of | | |
| | | \$ |
| Paid-in capital ² | \$ 558,376,109 | 217,510,422 |
| Undistributed net investment income | 2,050,813 | 609,315 |
| Accumulated net realized loss allocated from the Master LLC | (244,999,199) | (59,754,564) |
| Net unrealized appreciation/depreciation allocated from the Master LLC | (17,293,151) | (7,882,309) |
| | | \$ |
| Net Assets | \$ 298,134,572 | 150,482,864 |
| Net asset value | \$ 7.59 | \$ 8.22 |
| | | \$ |
| ¹ Cost investment in the Master LLC | \$ 316,611,216 | 158,951,424 |
| ² Shares outstanding, par value \$0.10 per share, 1 billion shares authorized | 39,278,829 | 18,308,013 |

See Notes to Financial Statements.

42 ANNUAL REPORT

AUGUST 31, 2010

Statements of Operations

| | BlackRock Defined Opportunity Credit Trust (BHL) | BlackRock Diversified Income Strategies Fund, Inc. (DVF) | BlackRock Floating Rate Income Strategies Fund, Inc. (FRA) | BlackRock Limited Duration Income Trust (BLW) |
|--|--|---|---|--|
| Year Ended August 31, 2010 | | | | |
| Investment Income | | | | |
| Interest | \$ 9,670,479 | \$ 11,605,109 | \$ 19,956,756 | \$ 45,319,313 |
| Facility and other fees | 263,946 | 183,830 | 402,413 | 754,292 |
| Dividends affiliated | 4,642 | 4,377 | 6,371 | 66,063 |
| Total income | 9,939,067 | 11,793,316 | 20,365,540 | 46,139,668 |
| Expenses | | | | |
| Investment advisory | 1,442,635 | 1,130,484 | 2,301,702 | 3,532,788 |
| Borrowing costs ¹ | 163,745 | 158,514 | 311,569 | 25,500 |
| Professional | 140,402 | 118,746 | 164,059 | 140,292 |
| Custodian | 63,119 | 42,921 | 95,525 | 155,398 |
| Accounting services | 31,404 | 31,104 | 69,336 | 118,831 |
| Printing | 26,077 | 21,415 | 44,799 | 188,444 |
| Transfer agent | 21,097 | 27,335 | 35,720 | 13,117 |
| Officer and Directors | 12,851 | 13,239 | 27,469 | 86,810 |
| Registration | 9,400 | 9,814 | 9,474 | 12,803 |
| Miscellaneous | 62,851 | 38,038 | 87,857 | 128,480 |
| Total expenses excluding interest expense | 1,973,581 | 1,591,610 | 3,147,510 | 4,402,463 |
| Interest expense | 305,577 | 328,762 | 598,107 | 478,537 |
| Total expenses | 2,279,158 | 1,920,372 | 3,745,617 | 4,881,000 |
| Less fees waived by advisor | (2,035) | (1,960) | (2,852) | (24,221) |
| Less fees paid indirectly | | (169) | (205) | (543) |
| Total expenses after fees waived | 2,277,123 | 1,918,243 | 3,742,560 | 4,856,236 |
| Net investment income | 7,661,944 | 9,875,073 | 16,622,980 | 41,283,432 |
| Realized and Unrealized Gain (Loss) | | | | |
| Net realized gain (loss) from: | | | | |
| Investments | 102,260 | (13,776,827) | (14,321,468) | (14,272,491) |
| Financial futures contracts | | | | 128,719 |
| Swaps | | (2,447,290) | (1,201,543) | (218,880) |
| Foreign currency transactions | 1,183,199 | 773,108 | 1,366,306 | 2,648,603 |
| | 1,285,459 | (15,451,009) | (14,156,705) | (11,714,049) |
| Net change in unrealized appreciation/depreciation on: | | | | |
| Investments | 6,399,628 | 33,206,690 | 39,932,404 | 72,041,707 |

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| | | | | |
|---|---------------|---------------|---------------|-------------|
| Financial futures contracts | | | | (202,892) |
| Swaps | | 4,121,526 | 1,108,878 | 156,860 |
| Foreign currency transactions | 229,852 | 109,147 | 403,362 | (250,242) |
| Unfunded loan commitments | (107,260) | (84,670) | (19,200) | (237,495) |
| | 6,522,220 | 37,352,693 | 41,425,444 | 71,507,938 |
| Total realized and unrealized gain | 7,807,679 | 21,901,684 | 27,268,739 | 59,793,889 |
| | | | | \$ |
| Net Increase in Net Assets Resulting from Operations | \$ 15,469,623 | \$ 31,776,757 | \$ 43,891,719 | 101,077,321 |

¹ See Note 9 of the Notes to Financial Statements for details of borrowings.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

43

Statements of Operations (concluded)

| Year Ended August 31, 2010 | BlackRock Senior Floating Rate Fund, Inc. | Blackrock Senior Floating Rate Fund II, Inc. |
|---|---|--|
| Investment Income | | |
| Net Investment income allocated from the Master LLC: | | |
| Interest | \$ 18,865,873 | \$ 9,401,767 |
| Dividends affiliated | 25,996 | 13,096 |
| Facility and other fees | 423,663 | 210,524 |
| Expenses | (3,258,151) | (1,623,888) |
| Total income | 16,057,381 | 8,001,499 |
| Expenses | | |
| Administration | 759,514 | 605,701 |
| Transfer agent | 282,882 | 85,960 |
| Tender offer | 126,161 | 71,957 |
| Professional | 92,342 | 60,057 |
| Printing | 76,615 | 43,384 |
| Registration | 48,377 | 30,921 |
| Officer | 966 | 483 |
| Miscellaneous | 13,583 | 13,186 |
| Total expenses | 1,400,440 | 911,649 |
| Net investment income | 14,656,941 | 7,089,850 |
| Realized and Unrealized Gain (Loss) Allocated from the Master LLC | | |
| Net realized loss from investments, swaps and foreign currency transactions | (17,149,880) | (7,524,615) |
| Net change in unrealized appreciation/depreciation on investments, swaps, foreign currency transactions and unfunded loan commitments | 35,131,654 | 16,400,162 |
| Total realized and unrealized gain | 17,981,774 | 8,875,547 |
| | | \$ |
| Net Increase in Net Assets Resulting from Operations | \$ 32,638,715 | 15,965,397 |

See Notes to Financial Statements.

44 ANNUAL REPORT

AUGUST 31, 2010

Statements of Changes in Net Assets

BlackRock Defined Opportunity Credit Trust (BHL)

| Increase (Decrease) in Net Assets: | Year Ended August 31, | |
|---|-----------------------|--------------|
| | 2010 | 2009 |
| Operations | | |
| Net investment income | \$ 7,661,944 | \$ 7,823,996 |
| Net realized gain (loss) | 1,285,459 | (6,261,039) |
| Net change in unrealized appreciation/depreciation | 6,522,220 | (7,306,747) |
| Net increase (decrease) in net assets resulting from operations | 15,469,623 | (5,743,790) |
| Dividends and Distributions to Shareholders From | | |
| Net investment income | (6,270,058) | (9,810,137) |
| Tax return of capital | | (88,324) |
| Decrease in net assets resulting from dividends and distributions to shareholders | (6,270,058) | (9,898,461) |
| Capital Share Transactions | | |
| Reinvestment of dividends | | 809,153 |
| Net Assets | | |
| Total increase (decrease) in net assets | 9,199,565 | (14,833,098) |
| Beginning of year | 112,862,050 | 127,695,148 |
| End of year | \$ 122,061,615 | 112,862,050 |
| Undistributed (distributions in excess of) net investment income | \$ 784,213 | \$ (925,324) |

BlackRock Diversified Income Strategies Fund, Inc.
(DVF)

| Increase (Decrease) in Net Assets: | Year Ended August 31, | |
|---|-----------------------|---------------|
| | 2010 | 2009 |
| Operations | | |
| Net investment income | \$ 9,875,073 | \$ 12,960,138 |
| Net realized loss | (15,451,009) | (51,026,972) |
| Net change in unrealized appreciation/depreciation | 37,352,693 | (8,137,200) |
| Net increase (decrease) in net assets resulting from operations | 31,776,757 | (46,204,034) |
| Dividends and Distributions to Shareholders From | | |
| Net investment income | (9,834,087) | (13,947,075) |
| Tax return of capital | (666,708) | (2,882,990) |
| Decrease in net assets resulting from dividends and distributions to shareholders | (10,500,795) | (16,830,065) |
| Capital Share Transactions | | |
| Reinvestment of dividends | 552,341 | 883,415 |
| Net Assets | | |
| Total increase (decrease) in net assets | 21,828,303 | (62,150,684) |
| Beginning of year | 107,556,395 | 169,707,079 |
| End of year | \$ 129,384,698 | 107,556,395 |

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| | | |
|--|--------------|--------------|
| Distributions in excess of net investment income | \$ (166,631) | \$ (710,207) |
|--|--------------|--------------|

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

45

BlackRock Floating Rate Income Strategies Fund, Inc.
(FRA)

Statements of Changes in Net Assets

| | Year Ended August 31, | |
|---|-----------------------|---------------|
| Increase (Decrease) in Net Assets: | 2010 | 2009 |
| Operations | | |
| Net investment income | \$ 16,622,980 | \$ 20,915,709 |
| Net realized loss | (14,156,705) | (45,729,155) |
| Net change in unrealized appreciation/depreciation | 41,425,444 | (9,488,290) |
| Net increase (decrease) in net assets resulting from operations | 43,891,719 | (34,301,736) |
| Dividends and Distributions to Shareholders From | | |
| Net investment income | (17,335,715) | (23,842,077) |
| Tax return of capital | (378,219) | |
| Decrease in net assets resulting from dividends and distributions to shareholders | (17,713,934) | (23,842,077) |
| Capital Share Transactions | | |
| Reinvestment of dividends | 1,041,829 | 298,574 |
| Net Assets | | |
| Total increase (decrease) in net assets | 27,219,614 | (57,845,239) |
| Beginning of year | 237,159,564 | 295,004,803 |
| End of year | \$ 264,379,178 | 237,159,564 |
| Distributions in excess of net investment income | \$ (512,837) | \$ (786,997) |

BlackRock Limited Duration Income Trust (BLW)

| | Year Ended August 31, | |
|--|-----------------------|----------------|
| Increase (Decrease) in Net Assets: | 2010 | 2009 |
| Operations | | |
| Net investment income | \$ 41,283,432 | \$ 37,187,662 |
| Net realized loss | (11,714,049) | (37,468,788) |
| Net change in unrealized appreciation/depreciation | 71,507,938 | (21,814,023) |
| Net increase (decrease) in net assets resulting from operations | 101,077,321 | (22,095,149) |
| Dividends to Shareholders From | | |
| Net investment income | (33,200,685) | (42,793,064) |
| Net Assets | | |
| Total increase (decrease) in net assets | 67,876,636 | (64,888,213) |
| Beginning of year | 551,504,534 | 616,392,747 |
| End of year | \$ 619,381,170 | 551,504,534 |
| Undistributed (distributions in excess of) net investment income | \$ 6,278,697 | \$ (2,953,716) |

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock Senior Floating Rate Fund, Inc.

| Increase (Decrease) in Net Assets: | Year Ended August 31, | |
|--|-----------------------|---------------|
| | 2010 | 2009 |
| Operations | | |
| Net investment income | \$ 14,656,941 | \$ 17,486,074 |
| Net realized loss | (17,149,880) | (34,004,504) |
| Net change in unrealized appreciation/depreciation | 35,131,654 | (11,952,665) |
| Net increase (decrease) in net assets resulting from operations | 32,638,715 | (28,471,095) |
| Dividends to Shareholders From | | |
| Net investment income | (14,620,743) | (17,470,993) |
| Capital Share Transactions | | |
| Net decrease in net assets resulting from capital share transactions | (31,545,795) | (41,795,738) |
| Net Assets | | |
| Total decrease in net assets | (13,527,823) | (87,737,826) |
| Beginning of year | 311,662,395 | 399,400,221 |
| End of year | \$ 298,134,572 | 311,662,395 |
| Undistributed net investment income | \$ 2,050,813 | \$ 1,249,054 |

BlackRock Senior Floating Rate Fund II, Inc.

| Increase (Decrease) in Net Assets: | Year Ended August 31, | |
|--|-----------------------|--------------|
| | 2010 | 2009 |
| Operations | | |
| Net investment income | \$ 7,089,850 | \$ 7,880,750 |
| Net realized loss | (7,524,615) | (15,895,082) |
| Net change in unrealized appreciation/depreciation | 16,400,162 | (4,973,635) |
| Net increase (decrease) in net assets resulting from operations | 15,965,397 | (12,987,967) |
| Dividends to Shareholders From | | |
| Net investment income | (7,072,114) | (8,332,675) |
| Capital Share Transactions | | |
| Net decrease in net assets resulting from capital share transactions | (8,757,464) | (14,969,362) |
| Net Assets | | |
| Total increase (decrease) in net assets | 135,819 | (36,290,004) |
| Beginning of year | 150,347,045 | 186,637,049 |
| End of year | \$ 150,482,864 | 150,347,045 |
| Undistributed net investment income | \$ 609,315 | \$ 113,729 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

Statements of Cash Flows

| | BlackRock Defined Opportunity Credit Trust (BHL) | BlackRock Diversified Income Strategies Fund, Inc. (DVF) | BlackRock Floating Rate Income Strategies Fund, Inc. (FRA) | BlackRock Limited Duration Income Trust (BLW) |
|--|---|---|---|--|
| Year Ended August 31, 2010 | | | | |
| Cash Provided by (Used for) Operating Activities | | | | |
| Net increase in net assets resulting from operations | \$ 15,469,623 | \$ 31,776,757 | \$ 43,891,719 | \$ 101,077,321 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used for) operating activities: | | | | |
| Decrease (increase) in interest receivable | (402,053) | 756,003 | 363,373 | (3,114,052) |
| Decrease in cash pledged as collateral for swaps | | 1,600,000 | | |
| Increase in cash pledged as collateral for financial futures contracts | | | | (70,000) |
| Decrease (increase) in swaps receivable | | 75,556 | 74,945 | (121,500) |
| Decrease in dividends receivable | | 16,822 | | 554 |
| Decrease in margin variation receivable | | | | 1,463 |
| Increase in commitment fees receivable | (2,192) | (2,834) | (4,454) | (10,785) |
| Decrease (increase) in dividends receivable - affiliated | 241 | | | (588) |
| Decrease (increase) in prepaid expenses | (2,968) | (2,979) | 1,289 | 9,236 |
| Increase in other assets | (20,152) | (453,422) | (167,568) | (729,697) |
| Increase (decrease) in other liabilities | 28,578 | (391,043) | 23,811 | 19,724 |
| Increase in investment advisory fees payable | 9,122 | 22,406 | 28,921 | 94,561 |
| Increase in interest expense payable | 26,368 | 42,136 | 75,662 | 97,771 |
| Increase in other affiliates payable | 36 | 126 | 132 | 514 |
| Increase (decrease) in other accrued expenses payable | 118,369 | (11,523) | 41,038 | 16,306 |
| Increase (decrease) in swaps payable | | (121,296) | (73,465) | 1,850 |
| Decrease in cash held as collateral for swaps | | | (100,000) | |
| Increase (decrease) in Officers and Directors fees payable | 204 | 86 | 246 | 37,340 |
| Net realized and unrealized gain | (6,424,110) | (20,841,656) | (25,091,088) | (55,048,495) |
| Net periodic and termination payments of swaps | | (1,855,683) | (184,890) | (64,388) |
| Amortization of premium and accretion of discount on investments | (1,905,015) | (1,411,896) | (2,902,861) | (4,130,492) |
| Paid-in-kind income | (77,637) | (612,662) | (1,296,600) | (1,690,999) |
| Proceeds from sales and paydowns of long-term investments | 145,741,888 | 159,688,378 | 297,452,730 | 1,897,966,935 |
| Purchases of long-term investments | (144,649,558) | (169,958,931) | (314,819,088) | (2,117,895,813) |
| Net sales (purchases) of short-term securities | (1,172,197) | 549,439 | 1,230,180 | 96,671,566 |
| Cash provided by (used for) operating activities | 6,738,547 | (1,136,216) | (1,455,968) | (86,881,668) |
| Cash Provided by (Used for) Financing Activities | | | | |
| Cash receipts from borrowings | 109,000,000 | 143,000,000 | 240,000,000 | 205,289,010 |

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| | | | | |
|--|---------------|---------------|---------------|--------------|
| Cash payments on borrowings | (112,000,000) | (132,000,000) | (225,000,000) | (82,055,858) |
| Cash dividends paid to shareholders | (6,277,899) | (9,949,176) | (16,836,609) | (33,207,645) |
| Decrease (increase) in bank overdraft | | | 43,905 | (3,179,743) |
| Cash provided by (used for) financing activities | (9,277,899) | 1,050,824 | (1,792,704) | 86,845,764 |

Cash Impact from Foreign Exchange Fluctuations

| | | | | |
|--|-------|-------|---------|---------|
| Cash impact from foreign exchange fluctuations | (194) | (712) | (7,003) | (4,474) |
|--|-------|-------|---------|---------|

Cash

| | | | | |
|--|-------------|-----------|-------------|-----------|
| Net decrease in cash and foreign currency | (2,539,546) | (86,104) | (3,255,675) | (40,378) |
| Cash and foreign currency at beginning of year | 2,559,456 | 119,156 | 3,476,153 | 59,386 |
| Cash and foreign currency at end of year | \$ 19,910 | \$ 33,052 | \$ 220,478 | \$ 19,008 |

Cash Flow Information

| | | | | |
|------------------------|------------|------------|------------|------------|
| Cash paid for interest | \$ 279,209 | \$ 286,626 | \$ 522,445 | \$ 380,766 |
|------------------------|------------|------------|------------|------------|

Noncash Financing Activities

| | | | | |
|---|--|---------|-----------|--|
| Capital shares issued in reinvestment of dividends paid to shareholders | | 552,341 | 1,041,829 | |
|---|--|---------|-----------|--|

A Statement of Cash Flows is presented when a Fund has a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to average total assets.

See Notes to Financial Statements.

48 ANNUAL REPORT

AUGUST 31, 2010

Financial Highlights

BlackRock Defined Opportunity Credit Trust (BHL)

| | Year Ended | | Period |
|---|------------|------------|-----------------------|
| | August 31, | | January 31, |
| | 2010 | 2009 | 2008 ¹ |
| | | | to August 31, |
| | | | 2008 |
| Per Share Operating Performance | | | |
| Net asset value, beginning of period | \$ 12.53 | \$ 14.31 | \$ 14.33 ² |
| Net investment income ³ | 0.85 | 0.87 | 0.47 |
| Net realized and unrealized gain (loss) | 0.87 | (1.55) | 0.21 |
| Net increase (decrease) from investment operations | 1.72 | (0.68) | 0.68 |
| Dividends and distributions from: | | | |
| Net investment income | (0.70) | (1.09) | (0.62) |
| Tax return of capital | | (0.01) | (0.06) |
| Total dividends and distributions | (0.70) | (1.10) | (0.68) |
| Capital charges with respect to issuance of shares | | | (0.02) |
| Net asset value, end of period | \$ 13.55 | \$ 12.53 | \$ 14.31 |
| Market price, end of period | \$ 12.86 | \$ 11.03 | \$ 12.66 |
| Total Investment Return⁴ | | | |
| Based on net asset value | 14.39% | (2.16)% | 4.79% ⁵ |
| Based on market price | 23.33% | (2.65)% | (11.44)% ⁵ |
| Ratios to Average Net Assets | | | |
| Total expenses | 1.91% | 2.39% | 1.78% ⁶ |
| Total expenses after fees waived and paid indirectly | 1.90% | 2.39% | 1.78% ⁶ |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.65% | 1.94% | 1.48% ⁶ |
| Net investment income | 6.40% | 8.11% | 5.52% ⁶ |
| Supplemental Data | | | |
| Net assets, end of period (000) | \$ 122,062 | \$ 112,862 | \$ 127,695 |
| Borrowings outstanding, end of period (000) | \$ 24,000 | \$ 27,000 | \$ 38,500 |
| Average borrowings outstanding during the period (000) | \$ 24,633 | \$ 31,141 | \$ 13,788 |
| Portfolio turnover | 102% | 41% | 18% |
| Asset coverage, end of period per \$1,000 | \$ 6,086 | \$ 5,180 | \$ 4,317 |

¹ Commencement of operations.

² Net asset value, beginning of period, reflects a deduction of \$0.675 per share sales charge from initial offering price of \$15.00 per share.

³ Based on average shares outstanding.

⁴ Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

⁵ Aggregate total investment return.

⁶ Annualized.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

49

BlackRock Diversified Income Strategies Fund, Inc.
(DVF)

Financial Highlights

| | Year Ended August 31, | | | | |
|---|--------------------------|------------|------------|------------|---------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 8.74 | \$ 13.94 | \$ 17.50 | \$ 18.70 | \$ 18.38 |
| Net investment income ¹ | 0.80 | 1.06 | 1.61 | 1.83 | 1.77 |
| Net realized and unrealized gain (loss) | 1.78 | (4.88) | (3.41) | (1.23) | 0.25 |
| Net increase (decrease) from investment operations | 2.58 | (3.82) | (1.80) | 0.60 | 2.02 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.80) | (1.14) | (1.72) | (1.80) | (1.70) |
| Tax return of capital | (0.05) | (0.24) | (0.04) | | |
| Total dividends and distributions | (0.85) | (1.38) | (1.76) | (1.80) | (1.70) |
| Capital charges with respect to issuance of shares | | | | | (0.00) ² |
| Net asset value, end of year | \$ 10.47 | \$ 8.74 | \$ 13.94 | \$ 17.50 | \$ 18.70 |
| Market price, end of year | \$ 10.45 | \$ 8.80 | \$ 12.77 | \$ 17.16 | \$ 18.85 |
| Total Investment Return³ | | | | | |
| Based on net asset value | 30.27% | (23.82)% | (10.17)% | 3.00% | 11.99% |
| Based on market price | 29.13% | (16.27)% | (16.08)% | 0.19% | 18.36% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.53% | 2.47% | 2.77% | 3.66% | 3.17% |
| Total expenses after fees waived and paid indirectly | 1.53% | 2.47% | 2.77% | 3.66% | 3.17% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.26% | 1.57% | 1.23% | 1.30% | 1.29% |
| Net investment income | 7.86% | 13.63% | 10.40% | 9.63% | 9.57% |
| Supplemental Data | | | | | |
| Net assets, end of year (000) | \$ 129,385 | \$ 107,556 | \$ 169,707 | \$ 212,792 | \$ 224,156 |
| Borrowings outstanding, end of year (000) | \$ 29,000 | \$ 18,000 | \$ 65,500 | \$ 72,000 | \$ 88,800 |
| Average borrowings outstanding during the year (000) | \$ 25,074 | \$ 28,247 | \$ 64,335 | \$ 95,465 | \$ 86,132 |
| Portfolio turnover | 105% | 45% | 41% | 72% | 64% |
| Asset coverage, end of year per \$1,000 | \$ 5,462 | \$ 6,975 | \$ 3,591 | \$ 3,955 | \$ 3,524 |

¹ Based on average shares outstanding.

² Amount is less than \$(0.01) per share.

³ Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

50 ANNUAL REPORT

BlackRock Floating Rate Income Strategies Fund, Inc.
(FRA)

Financial Highlights

| | Year Ended August 31, | | | | |
|---|--------------------------|------------|------------|------------|------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 12.93 | \$ 16.12 | \$ 18.25 | \$ 19.32 | \$ 19.35 |
| Net investment income ¹ | 0.91 | 1.14 | 1.45 | 1.54 | 1.40 |
| Net realized and unrealized gain (loss) | 1.48 | (3.04) | (2.03) | (1.07) | (0.06) |
| Net increase (decrease) from investment operations | 2.39 | (1.90) | (0.58) | 0.47 | 1.34 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.94) | (1.29) | (1.55) | (1.54) | (1.37) |
| Return of capital | (0.02) | | | | |
| Total dividends and distributions | (0.96) | (1.29) | (1.55) | (1.54) | (1.37) |
| Net asset value, end of year | \$ 14.36 | \$ 12.93 | \$ 16.12 | \$ 18.25 | \$ 19.32 |
| Market price, end of year | \$ 14.61 | \$ 12.26 | \$ 14.49 | \$ 16.70 | \$ 17.49 |
| Total Investment Return² | | | | | |
| Based on net asset value | 18.91% | (8.88)% | (2.56)% | 2.74% | 7.92% |
| Based on market price | 27.59% | (3.88)% | (4.28)% | 3.85% | 5.91% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.45% | 1.96% | 2.61% | 3.33% | 2.54% |
| Total expenses after fees waived and paid indirectly | 1.45% | 1.96% | 2.60% | 3.33% | 2.54% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.22% | 1.31% | 1.18% | 1.20% | 1.14% |
| Net investment income | 6.43% | 10.18% | 8.49% | 7.88% | 7.30% |
| Supplemental Data | | | | | |
| Net assets, end of year (000) | \$ 264,379 | \$ 237,160 | \$ 295,005 | \$ 334,065 | \$ 353,713 |
| Borrowings outstanding, end of year (000) | \$ 53,000 | \$ 38,000 | \$ 101,500 | \$ 107,000 | \$ 135,200 |
| Average borrowings outstanding during the year (000) | \$ 48,258 | \$ 50,591 | \$ 102,272 | \$ 133,763 | \$ 101,916 |
| Portfolio turnover | 96% | 58% | 49% | 69% | 57% |
| Asset coverage, end of year per \$1,000 | \$ 5,988 | \$ 7,241 | \$ 3,906 | \$ 4,122 | \$ 3,616 |

¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

Financial Highlights

BlackRock Limited Duration Income Trust
(BLW)

| | Period November 1, 2007 to | | | | | |
|---|-------------------------------------|-------------------|----------------------|------------------------|------------|------------|
| | Year Ended August 31, August 31, | | | Year Ended October 31, | | |
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 14.95 | \$ 16.71 | \$ 18.52 | \$ 19.01 | \$ 19.17 | \$ 20.13 |
| Net investment income | 1.12 ¹ | 1.01 ¹ | 1.14 ¹ | 1.50 | 1.35 | 1.46 |
| Net realized and unrealized gain (loss) | 1.62 | (1.61) | (1.76) | (0.49) | 0.03 | (0.94) |
| Net increase (decrease) from investment operations | 2.74 | (0.60) | (0.62) | 1.01 | 1.38 | 0.52 |
| Dividends and distributions from: | | | | | | |
| Net investment income | (0.90) | (1.16) | (1.19) | (1.41) | (1.52) | (1.33) |
| Net realized gain | | | | (0.06) | | (0.15) |
| Tax return of capital | | | | (0.03) | (0.02) | |
| Total dividends and distributions | (0.90) | (1.16) | (1.19) | (1.50) | (1.54) | (1.48) |
| Net asset value, end of period | \$ 16.79 | \$ 14.95 | \$ 16.71 | \$ 18.52 | \$ 19.01 | \$ 19.17 |
| Market price, end of period | \$ 16.76 | \$ 14.09 | \$ 14.57 | \$ 16.68 | \$ 18.85 | \$ 17.48 |
| Total Investment Return² | | | | | | |
| Based on net asset value | 19.00% | (1.57)% | (2.60)% ³ | 5.66% | 7.85% | 2.93% |
| Based on market price | 26.04% | 6.40% | (5.70)% ³ | (4.03)% | 17.31% | (5.30)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses | 0.82% | 0.72% | 1.39% ⁴ | 2.16% | 2.20% | 1.71% |
| Total expenses after fees waived and before fees paid indirectly | 0.81% | 0.71% | 1.39% ⁴ | 2.16% | 2.20% | 1.71% |
| Total expenses after fees waived and paid indirectly | 0.81% | 0.71% | 1.38% ⁴ | 2.14% | 2.19% | 1.71% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | | | | | | |
| interest expense | 0.73% | 0.69% | 0.76% ⁴ | 0.83% | 0.91% | 0.92% |
| Net investment income | 6.90% | 7.42% | 7.84% ⁴ | 7.92% | 7.10% | 7.42% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 619,381 | \$ 551,505 | \$ 616,393 | \$ 638,109 | \$ 699,206 | \$ 704,961 |
| Borrowings outstanding, end of period (000) | \$ 123,233 | | \$ 64,538 | \$ 109,287 | \$ 220,000 | \$ 176,010 |
| Average borrowings outstanding during the period (000) | \$ 44,160 | \$ 11,705 | \$ 120,295 | \$ 172,040 | \$ 179,366 | \$ 186,660 |
| Portfolio turnover | 248% ⁵ | 287% ⁶ | 191% ⁷ | 65% | 132% | 70% |
| Asset coverage, end of period per \$1,000 | \$ 6,026 | | \$ 10,551 | \$ 7,251 | \$ 4,178 | \$ 5,005 |

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¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

⁵ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 113%.

⁶ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 79%.

⁷ Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 24%.

See Notes to Financial Statements.

52 ANNUAL REPORT

AUGUST 31, 2010

Financial Highlights

BlackRock Senior Floating Rate
Fund, Inc.Year Ended August
31,

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|------------|------------|----------------------|------------|------------|
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 7.16 | \$ 7.98 | \$ 8.60 | \$ 8.92 | \$ 9.01 |
| Net investment income ¹ | 0.36 | 0.39 | 0.51 | 0.60 | 0.52 |
| Net realized and unrealized gain (loss) | 0.43 | (0.83) | (0.62) | (0.32) | (0.08) |
| Net increase (decrease) from investment operations | 0.79 | (0.44) | (0.11) | 0.28 | 0.44 |
| Dividends from net investment income | (0.36) | (0.38) | (0.51) | (0.60) | (0.53) |
| Net asset value, end of year | \$ 7.59 | \$ 7.16 | \$ 7.98 | \$ 8.60 | \$ 8.92 |
| Total Investment Return² | | | | | |
| Based on net asset value | 11.20% | (4.69)% | (1.32)% ³ | 3.07% | 4.97% |
| Ratios to Average Net Assets⁴ | | | | | |
| Total expenses | 1.53% | 1.53% | 1.28% ³ | 1.44% | 1.43% |
| Net investment income | 4.82% | 5.97% | 6.16% | 6.67% | 5.84% |
| Supplemental Data | | | | | |
| Net assets, end of year (000) | \$ 298,135 | \$ 311,662 | \$ 399,400 | \$ 505,515 | \$ 601,807 |
| Portfolio turnover for the Master LLC | 108% | 47% | 56% | 46% | 54% |

¹ Based on average shares outstanding.

² Where applicable, total investment returns exclude the early withdrawal charge, but do include the reinvestment of dividends and distributions.

The Fund is a continuously offered

closed-end fund, the shares of which are offered at net asset value. No secondary market for the Fund's shares exists.

³ During the year ended August 31, 2008, the Fund recorded a refund related to overpayments of prior years' tender offer fees, which increased net investment income per

share \$0.02 and increased total investment return 0.24%. The expense ratio excluding the refund was 1.46%.

⁴ Includes the Fund's share of the Master LLC's allocated expenses and/or net investment income.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

53

Financial Highlights

BlackRock Senior Floating Rate Fund II,
Inc.

| | Year Ended August 31, | | | | |
|--|--------------------------|------------|----------------------|------------|------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 7.76 | \$ 8.67 | \$ 9.35 | \$ 9.70 | \$ 9.79 |
| Net investment income ¹ | 0.38 | 0.41 | 0.54 | 0.63 | 0.56 |
| Net realized and unrealized gain (loss) | 0.46 | (0.89) | (0.69) | (0.34) | (0.10) |
| Net increase (decrease) from investment operations | 0.84 | (0.48) | (0.15) | 0.29 | 0.46 |
| Dividends from net investment income | (0.38) | (0.43) | (0.53) | (0.64) | (0.55) |
| Net asset value, end of year | \$ 8.22 | \$ 7.76 | \$ 8.67 | \$ 9.35 | \$ 9.70 |
| Total Investment Return² | | | | | |
| Based on net asset value | 10.97% | (4.70)% | (1.61)% ³ | 2.89% | 4.90% |
| Ratios to Average Net Assets⁴ | | | | | |
| Total expenses | 1.67% | 1.68% | 1.50% ³ | 1.59% | 1.57% |
| Net investment income | 4.68% | 5.79% | 5.96% | 6.53% | 5.70% |
| Supplemental Data | | | | | |
| Net assets, end of year (000) | \$ 150,483 | \$ 150,347 | \$ 186,637 | \$ 247,861 | \$ 322,202 |
| Portfolio turnover for the Master LLC | 108% | 47% | 56% | 46% | 54% |

¹ Based on average shares outstanding.

² Where applicable, total investment returns exclude the early withdrawal charge, but do include the reinvestment of dividends and distributions.

The Fund is a continuously offered

closed-end fund, the shares of which are offered at net asset value. No secondary market for the Fund's shares exists.

³ During the year ended August 31, 2008, the Fund recorded a refund related to overpayments of prior years' tender offer fees, which increased net investment income per

share \$0.02 and increased total investment return 0.11%. The expense ratio excluding the refund was 1.64%.

⁴ Includes the Fund's share of the Master LLC's allocated expenses and/or net investment income.

See Notes to Financial Statements.

54 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements

1. Organization and Significant Accounting Policies:

BlackRock Defined Opportunity Credit Trust (BHL), BlackRock Diversified Income Strategies Fund, Inc. (DVF), BlackRock Floating Rate Income Strategies Fund, Inc. (FRA), BlackRock Limited Duration Income Trust (BLW), BlackRock Senior Floating Rate Fund, Inc. (Senior Floating Rate) and BlackRock Senior Floating Rate Fund II, Inc. (Senior Floating Rate II) (collectively, the Funds or individually as a Fund) are registered under the Investment Company Act of 1940, as amended (the 1940 Act). BHL and BLW are organized as Delaware Statutory trusts. DVF, FRA, Senior Floating Rate and Senior Floating Rate II are organized as Maryland corporations. BHL, DVF, FRA and BLW are registered as diversified, closed-end management investment companies. Senior Floating Rate and Senior Floating Rate II are registered as continuously offered, non-diversified, closed-end management investment companies. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"), which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Boards of Directors and the Boards of Trustees of the Funds are referred to throughout this report as the Board of Directors or the Board . The Funds determine and make available for publication the net asset values of their Common Shares on a daily basis.

Senior Floating Rate and Senior Floating Rate II seek to achieve their investment objectives by investing all their assets in the Master Senior Floating Rate LLC (the Master LLC), which has the same investment objective and strategies as these Funds. The value of each Fund 's investment in the Master LLC reflects each Fund 's proportionate interest in the net assets of the Master LLC. The performance of each Fund is directly affected by the performance of the Master LLC. The financial statements of the Master LLC, including the Schedule of Investments, are included elsewhere in this report and should be read in conjunction with Senior Floating Rate and Senior Floating Rate II 's financial statements. The percentage of the Master LLC owned by Senior Floating Rate and Senior Floating Rate II at August 31, 2010 was 66% and 34%, respectively.

The following is a summary of significant accounting policies followed by the Funds:

Valuation: The Funds fair value their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The Funds value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing

service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique

attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price. To-be-announced ("TBA") commitments are valued on the basis of last available bid prices or current market quotations provided by pricing services. Swap agreements are valued utilizing quotes received daily by the Funds' pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows and trades and values of the underlying reference instruments. Investments in open-end investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System are valued at the last reported sale price that day or the NASDAQ official closing price, if applicable. For equity investments traded on more than one exchange, the last reported sale price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last available bid price. If no bid price is available, the prior day's price will be used, unless it is determined that such prior day's price no longer reflects the fair value of the security.

Securities and other assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates determined as of the close of business on the New York Stock Exchange (NYSE). Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid price. If no bid price is available, the prior day's price will be used, unless it is determined that the prior day's price no longer reflects the fair value of the option. Over-the-counter (OTC) options are valued by an independent pricing service using a mathematical model which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that each Fund might reasonably expect to receive from the current sale of that asset in an arm s-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE

ANNUAL REPORT

AUGUST 31, 2010

55

Notes to Financial Statements (continued)

that may not be reflected in the computation of each Fund's net assets. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such instruments, those instruments may be Fair Value Assets and be valued at their fair values, as determined in good faith by the investment advisor using a pricing service and/or policies approved by the Board.

Senior Floating Rate and Senior Floating Rate II record their investments in the Master LLC at fair value based on each Fund's proportionate interest in the net assets of the Master LLC. Valuation of securities held by the Master LLC, including categorization of fair value measurements, is discussed in Note 1 of the Master LLC's Notes to Financial Statements, which are included elsewhere in this report.

Foreign Currency Transactions: The Funds' books and records are maintained in US dollars. Purchases and sales of investment securities are recorded at the rates of exchange prevailing on the date the transactions are entered into. Generally, when the US dollar rises in value against foreign currency, the Funds' investments denominated in that currency will lose value because its currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

The Funds report foreign currency related transactions as components of realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

Asset-Backed and Mortgaged-Backed Securities: Certain Funds may invest in asset-backed securities. Asset-backed securities are generally issued as pass-through certificates, which represent undivided fractional ownership interests in an underlying pool of assets, or as debt instruments, which are also known as collateralized obligations, and are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security subject to such a prepayment feature will have the effect of shortening the maturity of the security. If the Fund has purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the

premium paid.

Certain Funds may purchase certain mortgage pass-through securities. There are a number of important differences among the agencies and instrumentalities of the US Government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by the Government National Mortgage Association (Ginnie Mae) are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the

full faith and credit of the United States. However, mortgage-related securities issued by the Federal Home Loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae), including Freddie Mac and Fannie Mae guaranteed Mortgage Pass-Through Certificates which are solely the obligations of Freddie Mac and Fannie Mae, are not backed by or entitled to the full faith and credit of the United States and are supported by the right of the issuer to borrow from the Treasury.

Forward Commitments and When-Issued Delayed Delivery Securities:
Certain Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Funds may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Funds may be required to pay more at settlement than the security is worth. In addition, the purchaser is not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Funds' maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions, which is shown on the Schedules of Investments, if any.

Preferred Stock: Certain Funds may invest in preferred stocks. Preferred stock has a preference over common stock in liquidation (and generally in receiving dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

Floating Rate Loan Interests: Certain Funds may invest in floating rate loan interests. The floating rate loan interests the Funds hold are typically issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly levered. The Funds may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR (London Inter Bank Offered Rate), the prime rate

56 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Funds consider these investments to be investments in debt securities for purposes of their investment policies.

When a Fund buys a floating rate loan interest it may receive a facility fee and when it sells a floating rate loan interest it may pay a facility fee. On an ongoing basis, the Funds may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. The Funds earn and/or pay facility and other fees on floating rate loan interests, which are shown as facility and other fees in the Statements of Operations. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by the Funds upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Funds may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the borrower's option. The Funds may invest in such loans in the form of participations in loans (Participations) and assignments of all or a portion of loans from third parties. Participations typically will result in the Funds having a contractual relationship only with the lender, not with the borrower. The Funds will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, the Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower, and the Funds may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Funds will assume the credit risk of both the borrower and the lender that is selling the Participation. The Funds' investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, the Funds may be treated as general creditors of the lender and may not benefit from any offset between the lender and the borrower.

Mortgage Dollar Roll Transactions: Certain Funds may sell TBA mortgage-backed securities and simultaneously contract to repurchase substantially similar (same type, coupon and maturity) securities on a specific future date at an agreed-upon price. During the period between the sale and repurchase, the Funds will not be entitled to receive interest and principal

payments on the securities sold. The Funds account for dollar roll transactions as purchases and sales and realize gains and losses on these transactions. These transactions may increase the Funds' portfolio turnover rate. Mortgage dollar rolls involve the risk that the market value of the securities that the Funds are required to purchase may decline below the agreed upon repurchase price of those securities.

Treasury Roll Transactions: A treasury roll transaction involves the sale of a Treasury security, with an agreement to repurchase the same security at an

agreed upon price and date. Treasury rolls constitute a borrowing and the difference between the sale and repurchase price represents interest expense at an agreed upon rate. Whether such a transaction produces a positive impact on performance depends upon whether the income on the securities purchased with the proceeds received from the sale of the security exceeds the interest expense incurred by the Funds. For accounting purposes, treasury rolls are not considered purchases and sales and any gains or losses incurred on the treasury rolls will be deferred until the Treasury securities are disposed.

Treasury roll transactions involve the risk that the market value of the securities that the Funds are required to purchase may decline below the agreed upon purchase price of those securities. If investment performance of securities purchased with proceeds from these transactions does not exceed the income, capital appreciation and gain or loss that would have been realized on the securities sold as part of the treasury roll, the use of this technique will adversely impact the performance of the Funds.

Reverse Repurchase Agreements: Certain Funds may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Funds sell securities to a bank or broker-dealer and agrees to repurchase the same securities at a mutually agreed upon date and price. Certain agreements have no stated maturity and can be terminated by either party at any time. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon competitive market rates determined at the time of issuance. The Funds may utilize reverse repurchase agreements when it is anticipated that the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Funds are obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Funds' use of the proceeds of the agreement may be restricted while the other party, or its trustee or receiver, determines whether or not to enforce the Funds' obligation to repurchase the securities.

TBA Commitments: Certain Funds may enter into TBA commitments. TBA commitments are forward agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an

agreed-upon future settlement date. The specific securities to be delivered are not identified at the trade date; however, delivered securities must meet specified terms, including issuer, rate and mortgage terms. The Funds generally enter into TBA commitments with the intent to take possession of or deliver out the underlying mortgage-backed securities but can extend the settlement or roll the transaction. TBA commitments involve a risk of loss if the value of the security to be purchased or sold declines or increases, respectively, prior to settlement date.

Zero-Coupon Bonds: Certain Funds may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

ANNUAL REPORT

AUGUST 31, 2010

57

Notes to Financial Statements (continued)

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the SEC require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., dollar rolls, TBA sale commitments, financial futures contracts, foreign currency exchange contracts and swaps), or certain borrowings (e.g., reverse repurchase agreements, treasury roll transactions, TALF loans and loan payable), each Fund will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on their books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit securities as collateral for certain investments.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Funds have determined the ex-dividend date. Interest income, including amortization of premium and accretion of discount on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in facility and other fees in the Statements of Operations.

Senior Floating Rate and Senior Floating Rate II record daily their proportionate share of the Master LLC's income, expenses and realized and unrealized gains and losses. In addition, both Funds accrue their own expenses.

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

Income Taxes: It is each Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Certain Funds have wholly owned taxable subsidiaries organized as limited

liability companies (the Taxable Subsidiaries) each of which holds one of the investments listed in the Schedules of Investments. The Taxable Subsidiaries allow a Fund to hold an investment that is organized as an operating partnership while still satisfying Regulated Investment Company tax requirements. Income earned on the investments held by the Taxable Subsidiaries is taxable to such subsidiaries. Income tax expense, if any, of the Taxable Subsidiaries is reflected in the market value of the investments held by the Taxable Subsidiaries.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds' US federal tax returns remains open for each of the two years ended August 31, 2010 and the period ended August 31, 2008 for BHL, the four years ended August 31, 2010 for DVF, FRA, Senior Floating Rate and Senior Floating Rate II and the two years ended August 31, 2010, the period ended August 31, 2008 and the year ended October 31, 2007 for BLW. The statutes of limitations on the Funds' state and local tax returns may remain open for an additional year depending upon the jurisdiction. There are no uncertain tax positions that require recognition of a tax liability.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Fund's Board, non-interested directors (Independent Directors) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund's deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in dividends affiliated in the Statements of Operations.

Other: Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds are pro rated among those funds on the basis of relative net assets or other appropriate methods. The Funds have an arrangement with the custodians whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statements of Operations. The custodians impose fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

2. Derivative Financial Instruments:

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk, interest rate risk or foreign currency exchange rate risk. These contracts may be transacted on an exchange or OTC.

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. The Funds' maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain netted against any collateral pledged by/posted to the counterparty. For OTC options purchased, the Funds bear

58 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral received on the options should the counterparty fail to perform under the contracts. Options written by the Funds do not give rise to counterparty credit risk, as options written obligate the Funds to perform and not the counterparty. Counterparty risk related to exchange-traded financial futures contracts and options is deemed to be minimal due to the protection against defaults provided by the exchange on which these contracts trade.

The Funds may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement implemented between a Fund and each of its respective counterparties. The ISDA Master Agreement allows each Fund to offset with each separate counterparty certain derivative financial instrument s payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Funds from their counterparties are not fully collateralized contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1

Segregation and Collateralization for information with respect to collateral practices. In addition, the Funds manage counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Funds net assets decline by a stated percentage or the Funds fail to meet the terms of its ISDA Master Agreements, which would cause the Funds to accelerate payment of any net liability owed to the counterparty.

Financial Futures Contracts: The Funds purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk). Financial futures contracts are contracts for delayed delivery of securities or currencies at a specific future date and at a specific price or yield.

Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recorded by the Funds as unrealized gains or losses. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures transactions involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

Foreign Currency Exchange Contracts: The Funds enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Funds, help to manage the overall exposure to the currency backing some of the investments held by the Funds. The contract is

marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that a counterparty to the contract does not perform its obligations under the agreement.

Options: The Funds purchase and write call and put options to increase or decrease their exposure to underlying instruments (including equity risk and/or interest rate risk) and/or, in the case of options written, to generate gains from options premiums. A call option gives the purchaser of the option the right (but not the obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying instrument at the exercise price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise price at any time or at a specified time during the option period. When the Funds purchase (write) an option, an amount equal to the premium paid (received) by the Funds is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or the Funds enter into a closing transaction), the Funds realize a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premiums received or paid). When the Funds write a call option, such option is covered, meaning that the Funds hold the underlying instrument subject to being called by the option counterparty, or cash in an amount sufficient to cover the obligation. When the Funds write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

In purchasing and writing options, the Funds bear the risk of an unfavorable change in the value of the underlying instrument or the risk that the Funds may not be able to enter into a closing transaction due to an illiquid market. Exercise of an option written could result in the Funds purchasing or selling a security at a price different from the current market value.

Swaps: The Funds enter into swap agreements, in which the Funds and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the Funds are recorded in the Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks

ANNUAL REPORT

AUGUST 31, 2010

59

Notes to Financial Statements (continued)

involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

Credit default swaps The Funds enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Funds enter into credit default agreements to provide a measure of protection against the default of an issuer (as buyer protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in

the index occurs. As a buyer, if an underlying credit event occurs, the Funds will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising of an index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index. As a seller (writer), if an underlying credit event occurs, the Funds will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising of an index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index.

Interest rate swaps The Funds enter into interest rate swaps to gain or reduce exposure to or manage duration, the yield curve or interest rate risk by economically hedging the value of the fixed rate bonds which may decrease when interest rates rise (interest rate risk). Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating rate, for another party's stream of interest

payments, either fixed or floating, on the same notional amount for a specified period of time. Interest rate floors, which are a type of interest rate swap, are agreements in which one party agrees to make payments to the other party to the extent that interest rates fall below a specified rate or floor in return for a premium. In more complex swaps, the notional principal amount may decline (or amortize) over time.

Derivative Instruments Categorized by Risk

Exposure:

Fair Values of Derivative Instruments as of August 31, 2010

Asset Derivatives

| | | Statements of Assets and Liabilities Location | | | |
|-------------------------------------|--|--|------------|------------|------------|
| | | BHL | DVF | FRA | BLW |
| Interest rate contracts | Net unrealized appreciation/depreciation*; | | | | |
| | Investments at value unaffiliated** | | | | \$ 10,750 |
| Foreign currency exchange contracts | Unrealized appreciation on foreign | | | | |
| | currency exchange contracts | \$ 19,857 | \$ 20,629 | \$ 3,136 | 12,963 |
| Credit contracts | Unrealized appreciation on swaps | | | | 73,001 |
| Equity contracts | Investments at value unaffiliated** | | | | |
| Total | | \$ 19,857 | \$ 20,629 | \$ 3,136 | \$ 96,714 |

Liability Derivatives

| | | Statements of Assets and Liabilities Location | | | |
|-------------------------------------|--|--|------------|------------|------------|
| | | BHL | DVF | FRA | BLW |
| Interest rate contracts | Net unrealized appreciation/depreciation*; | | | | |
| | Unrealized depreciation on swaps; | | | | |
| | Option written at value | | | | \$ 190,770 |
| Foreign currency exchange contracts | Unrealized depreciation on foreign | | | | |
| | currency exchange contracts | \$ 20,355 | \$ 34,968 | \$ 50,859 | 710,108 |
| Credit contracts | Unrealized depreciation on swaps | | 21,480 | | |
| Total | | \$ 20,355 | \$ 56,448 | \$ 50,859 | \$ 900,878 |

* Includes cumulative appreciation/depreciation on the financial futures contracts as reported in the Schedules of Investments. Only current day margin variation is reported within the Statements of Assets and Liabilities.

** Includes options purchased at value as reported in the Schedules of Investments.

60 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

The Effect of Derivative Instruments on the Statements of
Operations

Year Ended August 31, 2010

Net Realized Gain (Loss) from

| | BHL | DVF | FRA | BLW |
|---|--------------|---------------|--------------|------------|
| Interest rate contracts: | | | | |
| Financial futures contracts | | | | \$ 128,719 |
| Swaps | | \$(2,263,345) | | |
| Options*** | | | | (64,793) |
| Foreign currency exchange contracts: | | | | |
| Foreign currency exchange contracts**** | \$ 1,136,334 | 786,199 | \$ 1,152,384 | 1,428,576 |
| Credit contracts: | | | | |
| Swaps | | (183,945) | (1,201,543) | (218,880) |
| | | | | \$ |
| Total | \$ 1,136,334 | \$(1,661,091) | \$ (49,159) | 1,273,622 |

Net Change in Unrealized Appreciation/Depreciation

on

| | BHL | DVF | FRA | BLW |
|---|------------|--------------|--------------|-----------|
| Interest rate contracts: | | | | \$ |
| Financial futures contracts | | | | (202,892) |
| Swaps | | \$ 1,751,189 | | |
| Options*** | | | | (20,231) |
| Foreign currency exchange contracts: | | | | |
| Foreign currency exchange contracts**** | \$ 219,809 | 78,378 | \$ 331,669 | (192,079) |
| Credit contracts: | | | | |
| Swaps | | 2,370,337 | 1,108,878 | 156,860 |
| Equity contracts: | | | | |
| Options*** | | (13,000) | (20,000) | (46,000) |
| | | | | \$ |
| Total | \$ 219,809 | \$ 4,186,904 | \$ 1,420,547 | (304,342) |

*** Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

**** Foreign currency exchange contracts are included in the net realized gain (loss) from foreign currency transactions and net changes in unrealized appreciation/depreciation on foreign currency transactions.

For the year ended August 31, 2010, the average quarterly balances of outstanding derivative financial instruments were as follows:

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| | BHL | DVF | FRA | BLW |
|--|--------------|--------------|--------------|--------------|
| Financial futures contracts: | | | | |
| Average number of contracts purchased | | | | 44 |
| Average number of contracts sold | | | | 95 |
| Average notional value of contracts purchased | | | | \$ 5,377,353 |
| Average notional value of contracts sold | | | | \$20,961,714 |
| Foreign currency exchange contracts: | | | | |
| Average number of contracts US dollars purchased | 5 | 7 | 6 | 6 |
| Average number of contracts US dollars sold | 1 | 2 | 2 | 2 |
| Average US dollar amounts purchased | \$13,384,455 | \$ 9,973,482 | \$19,493,306 | \$50,805,112 |
| Average US dollar amounts sold | \$ 920,080 | \$ 911,990 | \$ 1,036,340 | \$ 8,543,582 |
| Options: | | | | |
| Average number of contracts purchased | | 13 | 20 | 165 |
| Average notional value of contracts purchased | | \$ 12,257 | \$ 18,857 | \$ 341,497 |
| Credit default swaps: | | | | |
| Average number of contracts buy protection | | 2 | 1 | 2 |
| Average number of contracts sell protection | | 2 | 1 | |
| Average notional value buy protection | | \$ 443,750 | \$ 712,500 | \$ 1,750,000 |
| Average notional value sell protection | | \$ 3,829,120 | \$ 1,000,000 | |
| Interest rate swaps: | | | | |
| Average number of contracts pays fixed rate | | 1 | | |
| Average notional value pays fixed rate | | \$10,000,000 | | |

ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. ("PNC"), Bank of America Corporation ("BAC") and Barclays Bank PLC ("Barclays") are the largest stockholders of BlackRock, Inc. ("BlackRock"). Due to the ownership structure, PNC is an affiliate of the Funds for 1940 Act purposes, but BAC and Barclays are not.

BHL, DVF, FRA and BLW entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Funds' investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services.

The Manager is responsible for the management of each Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Manager a monthly fee at an annual rate of each Fund's average daily net assets, plus the proceeds of any outstanding borrowings used for leverage as follows:

| | |
|-----|-------|
| BHL | 1.00% |
| DVF | 0.75% |
| FRA | 0.75% |
| BLW | 0.55% |

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds, however, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid through each Fund's investment in other affiliated investment companies, if any. These amounts are shown as fees waived by advisor in the Statements of Operations. For the year ended August 31, 2010, the amounts waived were as follows:

| | |
|-----|----------|
| BHL | \$ 2,035 |
| DVF | \$ 1,960 |
| FRA | \$ 2,852 |
| BLW | \$24,221 |

The Manager, on behalf of BHL, DVF, FRA and BLW, entered into a sub-advisory agreement with BlackRock Financial Management, LLC (BFM),

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an affiliate of the Manager. The Manager pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

For the year ended August 31, 2010, certain Funds reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations. The reimbursements were as follows:

| | |
|-----|----------|
| BHL | \$ 2,784 |
| DVF | \$ 2,925 |
| FRA | \$ 5,890 |
| BLW | \$12,295 |

Senior Floating Rate and Senior Floating Rate II have entered into an Administration Agreement with the Manager. The administration fee paid to the Manager is calculated daily and paid monthly based on an annual rate of 0.25% and 0.40%, respectively, of the average daily value of these Fund s net assets for the performance of administrative services (other than investment advice and related portfolio activities) necessary for the operation of these Funds.

For Senior Floating Rate II, the Manager voluntarily agreed to waive expenses in order to limit total annual Fund operating expenses (excluding interest expense, acquired fund fees and expenses and certain other expenses) to 1.83% of the Fund s average daily net assets. This voluntary waiver may be reduced or discontinued at any time without notice.

Senior Floating Rate and Senior Floating Rate II entered into a separate Distribution Agreement and Distribution Plan with BlackRock Investments, LLC (BRIL), which is an affiliate of BlackRock.

For the year ended August 31, 2010, BRIL received early withdrawal charges for Senior Floating Rate and Senior Floating Rate II in the amounts of \$194,631 and \$31,798, respectively, relating to the tender of each Fund s shares.

BNY Mellon Investment Servicing (US) Inc. (formerly PNC Global Investment Servicing (U.S.) Inc. (PNCGIS)) serves as transfer agent and dividend disbursing agent for Senior Floating Rate and Senior Floating Rate II. On July 1, 2010, the Bank of New York Mellon Corporation purchased PNCGIS, which prior to this date was an indirect, wholly owned subsidiary of PNC and an affiliate of the manager. Transfer agency fees borne by each Fund are comprised of those fees charged for all shareholder communications including mailing of shareholder reports, dividend and distribution notices, and proxy materials for shareholder meetings, as well as per account and per transaction fees related to servicing and maintenance of shareholder accounts, including the issuing, redeeming and transferring of shares, check writing, anti-money laundering services, and customer

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identification services. Pursuant to written agreements, certain financial intermediaries, some of which may be affiliates, provide the Funds with sub-accounting, recordkeeping, sub-transfer agency and other administrative services with respect to sub-accounts they service. For these services, these entities receive a fee that could vary depending on, among other things, shareholder accounts and net assets. For the year ended August 31, 2010, the Funds paid the following to affiliates in return for these services, which is included in transfer agent in the Statements of Operations:

| | |
|-------------------------|----------|
| Senior Floating Rate | \$26,619 |
| Senior Floating Rate II | \$ 5,188 |

Senior Floating Rate and Senior Floating Rate II may earn income on positive cash balances in demand deposit accounts that are maintained by the transfer agent on behalf of the Funds. These amounts are included in dividends affiliated in the Statements of Operations.

Certain officers and/or trustees of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for compensation paid to the Funds' Chief Compliance Officer.

62 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

4. Income Tax Information:

Reclassifications: US GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting.

These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of August 31, 2010 attributable to

the accounting for swap agreements, amortization and accretion methods on fixed income securities, foreign currency transactions, non-deductible expenses, securities in default, income recognized from pass-through entities and the expiration of capital loss carryforwards were reclassified to the following accounts:

| | BHL | DVF | FRA | BLW | Senior Floating Rate Fund | Senior Floating Rate Fund II |
|--|--------------|-------------|--------------|---------------|---------------------------|------------------------------|
| Paid-in capital | \$ (497) | \$ (51) | \$ (86) | | \$(87,904,360) | (864,401) |
| Undistributed (distributions in excess of) net investment income | \$ 317,651 | \$ 502,590 | \$ 986,895 | \$ 1,149,666 | \$ 765,561 | \$ 477,850 |
| Accumulated net realized loss | \$ (317,154) | \$(502,539) | \$ (986,809) | \$(1,149,666) | | |
| Accumulated net realized loss allocated from the Master LLC | | | | | \$ 87,138,799 | \$ 386,551 |

The tax character of distributions paid during the fiscal years ended August 31, 2010 and August 31, 2009 were as follows:

| | BHL | DVF | FRA | BLW | Senior Floating Rate Fund | Senior Floating Rate Fund II |
|-----------------------|--------------|--------------|--------------|--------------|---------------------------|------------------------------|
| Ordinary income | | | | | | |
| 8/31/2010 | \$ 6,270,058 | \$ 9,834,088 | \$17,335,715 | \$33,200,685 | \$14,620,743 | \$ 7,072,114 |
| 8/31/2009 | 9,810,137 | 13,947,075 | 23,842,077 | 42,793,064 | 17,470,993 | 8,332,675 |
| Tax return of capital | | | | | | |
| 8/31/2010 | | 666,707 | 378,219 | | | |
| 8/31/2009 | 88,324 | 2,882,990 | | | | |
| Total distributions | | | | | | |
| 8/31/2010 | \$ 6,270,058 | \$10,500,795 | \$17,713,934 | \$33,200,685 | \$14,620,743 | \$ 7,072,114 |
| 8/31/2009 | \$ 9,898,461 | \$16,830,065 | \$23,842,077 | \$42,793,064 | \$17,470,993 | \$ 8,332,675 |

As of August 31, 2010, the tax components of accumulated net losses were as follows:

| Senior Floating Rate Fund | Senior Floating Rate Fund II |
|---------------------------|------------------------------|
|---------------------------|------------------------------|

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| | BHL | DVF | FRA | BLW | Fund | Fund II |
|-------------------------------|-----------------------|------------------------|---------------------|---------------------|------------------------|-----------------------|
| Undistributed ordinary income | \$ 783,185 | | | \$ 6,741,043 | \$ 2,046,197 | \$ 609,087 |
| | | | | \$ | | |
| Capital loss carryforwards | (6,425,448) | \$ (78,190,159) | (66,112,036) | (69,440,070) | (235,833,555) | (55,763,582) |
| Net unrealized losses* | (106,390) | (21,886,445) | (19,670,601) | (19,261,907) | (26,454,179) | (11,873,063) |
| | | | | \$ | \$ | |
| Total | \$ (5,748,653) | \$(100,076,604) | (85,782,637) | (81,960,934) | \$(260,241,537) | \$(67,027,558) |

* The differences between book-basis and tax-basis net unrealized losses were attributable primarily to the tax deferral of losses on wash sales, amortization and accretion methods of premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/(losses) on certain futures and foreign currency contracts, the deferral of post-October capital losses for tax purposes, the timing and recognition of partnership income, the accounting for swap agreements, the deferral of compensation to directors and investment in wholly owned subsidiaries.

As of August 31, 2010, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires August 31, | BHL | DVF | FRA | BLW | Senior | Senior |
|--------------------|--------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| | | | | | Floating Rate | Floating Rate |
| | | | | | Fund | Fund II |
| 2011 | | | | | \$ 53,409,203 | \$17,719,049 |
| 2012 | | | | | 34,221,818 | 6,383,383 |
| 2013 | | | \$ 691,829 | | 56,166,095 | |
| 2014 | | \$ 1,755,694 | | | 945,546 | |
| 2015 | | 2,237,399 | | | 2,561,691 | |
| 2016 | | 1,444,704 | 475,453 | \$21,933,927 | 31,419,599 | 4,923,144 |
| 2017 | \$1,063,204 | 20,249,830 | 20,954,032 | 9,996,868 | 16,221,457 | 7,728,284 |
| 2018 | 5,362,244 | 52,502,532 | 43,990,722 | 37,509,275 | 40,888,146 | 19,009,722 |
| Total | \$6,425,448 | \$78,190,159 | \$66,112,036 | \$69,440,070 | \$235,833,555 | \$55,763,582 |

ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

5. Investments:

Purchases and sales of investments including paydowns and mortgage dollar roll transactions and excluding short-term securities and US government securities for the year ended August 31, 2010, were as follows:

| | Purchases | Sales |
|-----|------------------|-----------------|
| BHL | \$ 148,261,977 | \$ 149,139,878 |
| DVF | \$ 175,112,348 | \$ 163,150,527 |
| FRA | \$ 317,381,863 | \$ 300,351,367 |
| BLW | \$1,898,197,381 | \$1,773,221,178 |

For the year ended August 31, 2010, purchases and sales of US government securities for BLW were \$888,945 and \$5,380,372, respectively.

For the year ended August 31, 2010, purchases and sales for BLW attributable to mortgage dollar rolls were \$964,747,938 and \$967,272,250, respectively.

6. Commitments:

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into unfunded loan commitments (commitments). Commitments may obligate the Funds to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Funds earn a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is classified in the Statements of Operations as facility and other fees, is recognized ratably over the commitment period. As of August 31, 2010, the Funds had the following unfunded loan commitments:

| Borrower | Unfunded Commitment | Value of Underlying Loan |
|----------------------|--------------------------------|---|
| BHL | | |
| CII Investment, LLC | \$ 217,219 | \$ 220,907 |
| Delphi Holdings LLP | \$ 122,764 | \$ 116,012 |
| Delta Airlines, Inc. | \$ 950,000 | \$ 919,407 |
| Horizon Lines, LLC | \$ 142,723 | \$ 129,637 |
| DVF | | |

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| | | |
|----------------------|-------------|-------------|
| CII Investment, LLC | \$ 183,801 | \$ 186,919 |
| Delphi Holdings LLP | \$ 122,764 | \$ 116,012 |
| Delta Airlines, Inc. | \$1,025,000 | \$ 995,255 |
| Horizon Lines, LLC | \$ 142,723 | \$ 129,442 |
| FRA | | |
| CII Investment, LLC | \$ 384,311 | \$ 390,828 |
| Delphi Holdings LLP | \$ 306,910 | \$ 290,030 |
| Delta Airlines, Inc. | \$ 925,000 | \$ 892,525 |
| Horizon Lines, LLC | \$ 285,446 | \$ 259,179 |
| BLW | | |
| Delphi Holdings LLP | \$ 613,821 | \$ 580,061 |
| Delta Airlines, Inc. | \$4,750,000 | \$4,610,077 |

7. Concentration, Market and Credit Risk:

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers

whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments. The Funds manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Funds' Statements of Assets and Liabilities, less any collateral held by the Funds.

Certain Funds invest a significant portion of their assets in securities backed by commercial or residential mortgage loans or in issuers that hold mortgage and other asset-backed securities. Please see the Schedules of Investments for these securities. Changes in economic conditions, including delinquencies and/or defaults on assets underlying these securities, can affect the value, income and/or liquidity of such positions.

8. Capital Share Transactions:

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BHL and BLW are authorized to issue an unlimited number of shares, par value \$0.001, all of which were initially classified as Common Shares. DVF and FRA are authorized to issue 200 million shares, par value \$0.10, all of which were initially classified as Common Shares. The Board is authorized, however, to classify and reclassify any unissued shares without approval of Common Shareholders.

For the years shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestments:

| | Year Ended August 31, 2010 | Year Ended August 31, 2009 |
|-----|---|---|
| BHL | | 84,923 |
| DVF | 52,693 | 129,277 |
| FRA | 72,267 | 31,791 |

Shares issued and outstanding remained constant during the years ended August 31, 2010 and 2009 for BLW.

At August 31, 2010, the shares owned by affiliates of the Manager of the Funds were as follows:

| | Shares |
|-----|---------------|
| BHL | 8,517 |
| FRA | 9,017 |

64 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

Transactions in capital shares, with respect to Senior Floating Rate and Senior Floating Rate II, were as follows:

| | Year Ended | | Year Ended | |
|--|-----------------|-----------------|-----------------|---------------|
| | August 31, 2010 | | August 31, 2009 | |
| Senior Floating Rate | Shares | Amount | Shares | Amount |
| Shares sold | 2,423,990 | \$ 18,308,182 | 3,495,709 | \$ 22,066,554 |
| Shares issued to shareholders in reinvestment of dividends | 135,475 | 1,019,194 | 189,466 | 1,198,984 |
| Total issued | 2,559,465 | 19,327,376 | 3,685,175 | 23,265,538 |
| Shares tendered | (6,801,031) | (50,873,171) | (10,231,989) | (65,061,276) |
| Net decrease | (4,241,566) | \$ (31,545,795) | (6,546,814) | (41,795,738) |
| | | | | \$ |
| Senior Floating Rate II | | | | |
| Shares sold | 2,093,983 | \$ 17,121,260 | 3,475,221 | \$ 23,697,009 |
| Shares issued to shareholders in reinvestment of dividends | 77,460 | 629,469 | 83,856 | 580,777 |
| Total issued | 2,171,443 | 17,750,729 | 3,559,077 | 24,277,786 |
| Shares tendered | (3,249,989) | (26,508,193) | (5,697,156) | (39,247,148) |
| Net decrease | (1,078,546) | \$ (8,757,464) | (2,138,079) | (14,969,362) |
| | | | | \$ |

9. Borrowings:

On March 5, 2009, BHL, DVF and FRA entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The Funds have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

| | Commitment |
|-----|-------------------|
| | Amounts |
| BHL | \$ 55,000,000 |
| DVF | \$ 50,000,000 |
| FRA | \$103,000,000 |

Advances are made by SSB to the Funds, at the Funds option (a) the higher of (i) 1.0% above the Fed Effective Rate and (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above the 7-day, 30-day, 60-day or 90-day LIBOR. In addition, the Funds pay a facility fee and a commitment fee based on SSB's total commitment to the Funds. The fees associated with each of the agreements are included in the Statements of Operations as

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borrowing costs. Advances to the Funds as of August 31, 2010 are shown in the Statements of Assets and Liabilities as loan payable. The SSB Agreement was renewed for 364 days under substantially the same terms effective March 4, 2010. The SSB Agreement allows for the following maximum commitment amounts:

| | Commitment Amounts |
|-----|-------------------------------|
| BHL | \$ 55,000,000 |
| DVF | \$ 55,000,000 |
| FRA | \$103,000,000 |

The Funds may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution

or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

BLW borrowed under the Term Asset-Backed Securities Loan Facility (TALF). The TALF program was launched by the U.S. Department of Treasury and the Federal Reserve Board as a credit facility designed to restore liquidity to the market for asset-backed securities. The Federal Reserve Bank of New York (FRBNY) provided up to \$1 trillion in non-recourse loans to support the issuance of certain AAA-rated asset-backed securities and commercial mortgage-backed securities (Eligible Securities). The Fund posted as collateral already-held Eligible Securities, which were all commercial mortgage-backed securities, in return for a non-recourse, 5-year term loan (TALF loan) in an amount equal to approximately 85% of the value of such Eligible Securities. The TALF loan is shown as TALF loan at value on the Statements of Assets and Liabilities. The following is a summary of the outstanding TALF loan and related information as of August 31, 2010:

| | Aggregate Number of Loans | Aggregate Value of Loans | Maturity Date | Interest Rate | Value of Eligible Securities |
|-----|--|---|--------------------------|--------------------------|---|
| BLW | 1 | \$12,685,079 | 12/22/14 | 3.62% | \$15,666,293 |

The non-recourse provision of the TALF loan allows the Fund to satisfy loan obligations with Eligible Securities, subject to certain conditions, even if the value of the Eligible Securities falls below the outstanding amount of the loan. The Fund can repay the TALF loan prior to the maturity date with no penalty. Principal and interest due on the loan will typically be paid with principal paydowns and interest received from the Eligible Securities. Credit agreements underlying each loan contain provisions to address instances in which interest payments on Eligible Securities fall short of amounts due

to the FRBNY. The Fund paid to the FRBNY a one time administration fee of 0.20% of the amount borrowed, which was expensed as incurred in the

ANNUAL REPORT

AUGUST 31, 2010

65

Notes to Financial Statements (concluded)

current period by the Fund and is included in borrowing costs in the Statements of Operations. The Fund also pays a financing fee equal to the 5-year LIBOR swap rate plus 1.00% on the outstanding loan amount payable monthly, which is included in interest expense in the Statements of Operations.

Since the Fund has the ability to potentially satisfy TALF loan obligations by surrendering Eligible Securities, potential losses by the Fund associated with the TALF loan are limited to the difference between the amount of Eligible Securities posted at the time of loan initiation and the loan proceeds received by the Fund.

The Fund has elected to account for the outstanding TALF loan at fair value. The Fund elected to fair value its TALF loan to more closely align changes in the value of the TALF loan with changes in the value of the Eligible Securities and to reduce the potential volatility in the Statements of Operations which could result if only the Eligible Securities were fair valued. The TALF loan is valued utilizing quotations received from a board approved pricing service. TALF-eligible Asset-Backed Securities/Commercial Mortgage-Backed Securities (ABS/CMBS) value may be affected by historic defaults and prepayments on the asset pool, expected future defaults and prepayments, current interest rate levels, current and forward modeled ABS/CMBS spread levels. Accordingly, TALF loan valuation methodologies may include, but are not limited to, the following inputs: (i) ABS/CMBS prepayment assumptions, (ii) discount rates and (iii) the non-recourse put option valuation. The resulting TALF loan valuation combines the present value of the future loan cash flows, plus the value of the non-recourse option. The change in unrealized gain or loss associated with fair valuing the TALF loan will be reflected in the Statements of Operations.

For the year ended August 31, 2010, the daily weighted average interest rates for Funds with loans under the revolving credit agreements were as follows:

| | Daily Weighted Average Interest Rate |
|-----|---|
| BHL | 1.24% |
| DVF | 1.31% |
| FRA | 1.24% |

For the year ended August 31, 2010, the daily weighted average interest rate for BLW for reverse repurchase agreements, treasury rolls and TALF

loans were as follows:

| | Daily Weighted Average Interest Rate |
|-----|---|
| BLW | 1.08% |

10. Subsequent Events:

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following items were noted:

On September 7, 2010, BLW repaid its outstanding TALF loan and the security posted as collateral was returned to the Fund. BLW funded the repayment of the TALF loan by entering into reverse repurchase agreements.

On September 2, 2010, the Board of each of Senior Floating Rate and Senior Floating Rate II (the "Senior Floating Rate Funds") and on September 17, 2010 the Board of Trustees of BlackRock Funds II approved the reorganization of each Senior Floating Rate Fund into the BlackRock Floating Rate Income Portfolio, a series of BlackRock Funds II, with the BlackRock Floating Rate Income Portfolio being the surviving fund (the Reorganizations). The reorganizations are subject to shareholder approval and certain other conditions. If approved by shareholders, it is currently expected that each Reorganization would be completed in the first quarter of 2011.

Each Senior Floating Rate Fund is a "feeder" fund that invests all of its assets in the Master LLC. In connection with the Reorganizations, the Board of the Master LLC approved the liquidation and dissolution of the Master LLC and the distribution of its assets in the event one or both of the Reorganizations are approved by shareholders.

Each Fund listed below paid a net investment income dividend on September 30, 2010 to shareholders of record on September 15, 2010 as follows:

| | Common Dividend | Per Share |
|-----|------------------------|------------------|
| BHL | | \$0.0660 |
| DVF | | \$0.0635 |
| FRA | | \$0.0770 |
| BLW | | \$0.0875 |

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
BlackRock Diversified Income Strategies Fund, Inc.
BlackRock Floating Rate Income Strategies Fund, Inc.
BlackRock Senior Floating Rate Fund, Inc. and
BlackRock Senior Floating Rate Fund II, Inc.
and to the Shareholders and Board of Trustees of
BlackRock Defined Opportunity Credit Trust and
BlackRock Limited Duration Income Trust
(collectively the Funds):

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of BlackRock Defined Opportunity Credit Trust as of August 31, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the two years in the period then ended, and the period January 31, 2008 (commencement of operations) to August 31, 2008. We have also audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. as of August 31, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. We have also audited the accompanying statement of assets and liabilities, including the schedule of investments, of BlackRock Limited Duration Income Trust as of August 31, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the two years in the period then ended, the period November 1, 2007 to August 31, 2008, and each of the three years in the period ended October 31, 2007. We have also audited the accompanying statements of assets and liabilities of BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. as of August 31, 2010, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free

of material misstatement. The Funds are not required to have, nor were we engaged to perform an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of August 31, 2010, by correspondence with the custodians, brokers and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund, Inc. and BlackRock Limited Duration Income Trust as of August 31, 2010, the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. as of August 31, 2010, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Princeton, New Jersey
October 30, 2010

ANNUAL REPORT

AUGUST 31, 2010

67

Important Tax Information

The following information is provided with respect to the ordinary income distributions paid by the Funds for the taxable year ended August 31, 2010:

| | | | | | Senior Floating Rate | Senior Floating Rate II |
|--|--------------|--------|---------|--------|----------------------------|-------------------------------|
| | | BHL | DVF | FRA | BLW | |
| Interest-Related Dividends for Non-U.S. Residents* | | | | | | |
| September 2009 | January 2010 | 71.65% | 100.00% | 78.34% | 73.88% | 86.42% |
| February 2010 | August 2010 | 88.90% | 88.36% | 85.97% | 88.83% | 81.10% |

Expressed as a percentage of the ordinary income distributions.

* Represents the portion of the taxable ordinary income dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

68 ANNUAL REPORT

AUGUST 31, 2010

Master Portfolio Summary as of August 31, 2010

Master Senior Floating Rate LLC

Portfolio Composition

| Asset Mix | Percent of | |
|------------------------------|------------------------------|----------------|
| | Long-Term Investments | |
| | 8/31/10 | 8/31/09 |
| Floating Rate Loan Interests | 85% | 91% |
| Corporate Bonds | 15 | 9 |

ANNUAL REPORT

AUGUST 31, 2010

69

Schedule of Investments August 31, 2010

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

| Common Stocks (a) | Shares | Value |
|--|--------------|-----------|
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. (b) | 39,151 | \$ 15,030 |
| Wellman Holdings, Inc. | 5,206 | 260 |
| | | 15,290 |
| Commercial Services & Supplies 0.0% | | |
| SIRVA | 1,817 | 18,170 |
| Paper & Forest Products 0.4% | | |
| Ainsworth Lumber Co. Ltd. | 309,538 | 725,695 |
| Ainsworth Lumber Co. Ltd. (b) | 376,109 | 881,768 |
| | | 1,607,463 |
| Total Common Stocks 0.4% | | 1,640,923 |
| | Par | |
| | (000) | |
| Corporate Bonds | | |
| Airlines 0.2% | | |
| Air Canada, 9.25%, 8/01/15 (b) | USD 900 | 882,000 |
| Auto Components 0.7% | | |
| Icahn Enterprises LP: | | |
| 7.75%, 1/15/16 | 1,125 | 1,116,562 |
| 8.00%, 1/15/18 | 2,250 | 2,238,750 |
| | | 3,355,312 |
| Chemicals 1.3% | | |
| GEO Specialty Chemicals, Inc.: | | |
| 7.50%, 3/31/15 (b)(c)(d) | 2,555 | 1,660,566 |
| 10.00%, 3/31/15 | 2,515 | 1,634,464 |
| Wellman Holdings, Inc., Subordinate Note (d): | | |
| (Second Lien), 10.00%, 1/29/19 (b) | 2,000 | 1,740,000 |
| (Third Lien), 5.00%, 1/29/19 (c) | 2,381 | 928,497 |
| | | 5,963,527 |
| Commercial Banks 0.2% | | |
| CIT Group, Inc., 7.00%, 5/01/17 | 1,200 | 1,128,374 |
| Commercial Services & Supplies 0.6% | | |
| Clean Harbors, Inc., 7.63%, 8/15/16 | 1,600 | 1,640,000 |
| The Geo Group, Inc., 7.75%, 10/15/17 (b) | 1,050 | 1,081,500 |
| | | 2,721,500 |

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Containers & Packaging 0.6%

Berry Plastics Corp.:

| | | | |
|--|--|-------|-----------|
| 8.25%, 11/15/15 | | 1,700 | 1,704,250 |
| 9.50%, 5/15/18 (b) | | 960 | 883,200 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | | 175 | 166,688 |
| | | | 2,754,138 |

Diversified Financial Services 1.1%

| | | | |
|---|-----|-------|-----------|
| Ally Financial Inc., 8.30%, 2/12/15 (b) | | 2,100 | 2,184,000 |
| FCE Bank Plc: | | | |
| 7.88%, 2/15/11 | GBP | 100 | 155,282 |
| 7.13%, 1/16/12 | EUR | 1,300 | 1,705,085 |
| 7.13%, 1/15/13 | | 200 | 262,321 |
| GMAC, Inc., 2.74%, 12/01/14 (e) | USD | 800 | 687,782 |
| | | | 4,994,470 |

| | | Par (000) | Value |
|--|-----|--------------|--------------|
| Corporate Bonds | | | |
| Diversified Telecommunication Services 0.6% | | | |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | USD | 1,250 | \$ 1,231,250 |
| Qwest Communications International, Inc., 8.00%, 10/01/15 (b) | | 1,200 | 1,290,000 |
| | | | 2,521,250 |
| Energy Equipment & Services 0.4% | | | |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b) | | 1,750 | 1,636,250 |
| Food & Staples Retailing 0.1% | | | |
| Rite Aid Corp., 8.00%, 8/15/20 (b) | | 670 | 665,813 |
| Food Products 0.3% | | | |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | | 1,220 | 1,361,825 |
| Health Care Providers & Services 0.5% | | | |
| American Renal Holdings, 8.38%, 5/15/18 (b) | | 485 | 485,000 |
| HCA, Inc., 7.25%, 9/15/20 | | 1,695 | 1,771,275 |
| | | | 2,256,275 |
| Hotels, Restaurants & Leisure 0.3% | | | |
| MGM Resorts International, 11.13%, 11/15/17 | | 1,030 | 1,151,025 |
| Household Durables 0.6% | | | |
| Beazer Homes USA, Inc., 12.00%, 10/15/17 | | 2,300 | 2,590,375 |
| IT Services 0.3% | | | |
| SunGard Data Systems, Inc., 4.88%, 1/15/14 | | 1,429 | 1,368,268 |
| Independent Power Producers & Energy Traders 1.7% | | | |
| Calpine Construction Finance Co. LP, 8.00%, | | | |

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| | | |
|---|-------|-------------------|
| 6/01/16 (b) | 3,270 | 3,433,500 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b) | 1,400 | 1,348,204 |
| NRG Energy, Inc., 7.25%, 2/01/14 | 2,800 | 2,856,000 |
| | | 7,637,704 |
| Media 1.6% | | |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 735 | 762,562 |
| Series B, 9.25%, 12/15/17 | 2,540 | 2,663,825 |
| DISH DBS Corp., 6.63%, 10/01/14 | 950 | 971,375 |
| UPC Germany GmbH, 8.13%, 12/01/17 (b) | 2,750 | 2,825,625 |
| | | 7,223,387 |
| Oil, Gas & Consumable Fuels 0.6% | | |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | 540 | 554,850 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b) | 2,120 | 2,125,300 |
| | | 2,680,150 |
| Paper & Forest Products 0.7% | | |
| NewPage Corp., 11.38%, 12/31/14 | 3,715 | 3,018,438 |
| Textiles, Apparel & Luxury Goods 0.4% | | |
| Phillips-Van Heusen Corp., 7.38%, 5/15/20 | 1,645 | 1,694,350 |
| Wireless Telecommunication Services 1.1% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | 2,825 | 2,916,812 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 1,525 | 1,521,187 |
| Sprint Capital Corp., 8.38%, 3/15/12 | 675 | 713,813 |
| | | 5,151,812 |
| Total Corporate Bonds 13.9% | | 62,756,243 |

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedule of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

| | | | |
|------------|-------------------|-------------|--------------------------------------|
| CAD | Canadian Dollar | GBP | British Pound |
| EUR | Euro | MSCI | Morgan Stanley Capital International |
| FKA | Formerly Known As | USD | US Dollar |

See Notes to Financial Statements.

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|---|-----|--------------|--------------|
| Floating Rate Loan Interests (e) | | | |
| Aerospace & Defense 1.5% | | | |
| DynCorp International, Term Loan, 6.25%, 7/07/16 | USD | 1,675 | \$ 1,662,019 |
| Hawker Beechcraft Acquisition Co., LLC: | | | |
| Letter of Credit Linked Deposit, 0.43%, 3/26/14 | | 177 | 140,809 |
| Term Loan, 2.26% 2.53%, 3/26/14 | | 2,916 | 2,323,106 |
| TASC, Inc.: | | | |
| Tranche A Term Loan, 5.50%, 12/18/14 | | 808 | 808,173 |
| Tranche B Term Loan, 5.75%, 12/18/15 | | 1,642 | 1,645,854 |
| | | | 6,579,961 |
| Airlines 0.3% | | | |
| Delta Air Lines, Inc., Credit-Linked Deposit Loan, 0.11% 2.28%, 4/30/12 | | 1,455 | 1,391,344 |
| Auto Components 2.2% | | | |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/09/16 | | 2,743 | 2,639,106 |
| Allison Transmission, Inc., Term Loan, 3.04%, 8/07/14 | | 7,273 | 6,701,352 |
| Exide Global Holdings Netherlands C.V., European Borrower, Term Loan, 3.94%, 5/15/12 | EUR | 559 | 655,284 |
| | | | 9,995,742 |
| Automobiles 1.2% | | | |
| Ford Motor Co.: | | | |
| Tranche B-1 Term Loan, 3.03%, 12/15/13 | USD | 5,344 | 5,140,510 |
| Tranche B-2 Term Loan, 12/15/13 | | 390 | 373,640 |
| | | | 5,514,150 |
| Building Products 2.1% | | | |
| Building Materials Corp. of America, Term Loan Advance, 3.06%, 2/22/14 | | 492 | 483,083 |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | | 5,678 | 5,698,083 |
| Momentive Performance Materials (Blitz 06-103 GmbH): | | | |
| Tranche B-1 Term Loan, 2.56%, 12/04/13 | | 962 | 904,032 |
| Tranche B-2 Term Loan, 2.88%, 12/04/13 | EUR | 2,074 | 2,409,735 |
| | | | 9,494,933 |
| Capital Markets 0.6% | | | |

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| | | | |
|---|-----|-------|------------------------|
| Marsico Parent Co., LLC, Term Loan, 5.31% 5.56%, 12/15/14 | USD | 759 | 526,462 |
| Nuveen Investments, Inc., Term Loan (First Lien), 3.48% 3.53%, 11/13/14 | | 2,274 | 2,007,718 2,534,180 |
| Chemicals 5.9% | | | |
| Brenntag Holding GmbH & Co. KG: | | | |
| Acquisition Facility 1, 4.01% 4.48%, 1/20/14 | | 76 | 74,704 |
| Facility B2, 4.02% 4.06%, 1/20/14 | | 1,551 | 1,531,297 |
| CF Industries, Inc., Term Loan B-1, 4.50%, 4/05/15 | | 1,771 | 1,779,899 |
| Chemtura Corp.: | | | |
| Debtor in Possession Term Facility, 6.00%, 2/11/11 | | 2,800 | 2,793,000 |
| Exit Term Loan, 5.50%, 8/16/16 | | 2,500 | 2,510,417 |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%, 10/29/14 | | 1,177 | 1,176,750 |
| Huish Detergents, Inc., Loan (Second Lien), 4.55%, 10/26/14 | | 750 | 723,750 |
| Lyondell Chemical Co., Exit Term Loan, 5.50%, 4/08/16 | | 770 | 775,347 |
| MacDermid, Inc., Tranche C Term Loan, 2.27%, 4/12/14 | EUR | 1,000 | 1,152,794 |
| Nalco Co., Term Loan, 6.50%, 5/13/16 | USD | 3,589 | 3,600,711 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan (First Lien), 3.52% 3.73%, 7/30/14 | | 3,423 | 3,130,268 |
| Rockwood Specialties Group, Inc., Term Loan H, 6.00%, 5/15/14 | | 2,245 | 2,244,159 |
| Solutia, Inc., Term Loan, 4.75%, 3/17/17 | | 2,032 | 2,030,276 |
| Tronox Worldwide LLC: | | | |
| Tranche B-1 Term Loan, 11.25%, 9/20/10 | | 2,404 | 2,423,651 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10 | | 646 | 651,130 |
| | | | 26,598,153 |

| Floating Rate Loan Interests (e) | Par (000) | Value |
|--|--------------|--------------|
| Commercial Banks 1.3% | | |
| CIT Group, Inc., Tranche 3 Term Loan, 6.25%, 8/11/15 USD | 6,000 | \$ 5,980,440 |
| Commercial Services & Supplies 4.8% | | |
| ARAMARK Corp.: | | |
| Letter of Credit-1 Facility, 0.11%, 1/26/14 | 48 | 45,785 |
| Letter of Credit-2 Facility, 0.11%, 7/26/16 | 76 | 73,619 |
| US Term Loan, 2.41%, 1/26/14 | 670 | 633,110 |

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| | | |
|--|-------|------------|
| US Term Loan B, 3.78%, 7/26/16 | 1,155 | 1,119,427 |
| AWAS Finance Luxembourg Sarl, Term Loan, 7.75%, 6/10/16 | 1,300 | 1,307,583 |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan, 3.02%, 10/21/13 | 611 | 586,996 |
| Advanced Disposal Services, Inc., Term Loan B, 6.00%, 1/14/15 | 1,294 | 1,293,500 |
| Altegrity, Inc., Incremental Term Loan, 7.75%, 2/21/15 | 2,000 | 1,992,500 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | 1,411 | 1,418,179 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | 1,100 | 1,105,959 |
| Diversey, Inc. (FKA Johnson Diversey, Inc.), Tranche B Dollar Term Loan, 5.50%, 11/24/15 | 1,592 | 1,588,020 |
| International Lease Finance Corp., Term Loan 1, 6.75%, 3/17/15 | 2,825 | 2,847,365 |
| Protection One, Inc., Term Loan, 6.00%, 6/04/16 | 2,000 | 1,977,500 |
| SIRVA Worldwide, Inc., Loan (Second Lien), 12.00%, 5/12/15 | 474 | 118,611 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27% 2.28%, 4/02/14 | 2,688 | 2,271,592 |
| West Corp., Incremental Term Loan B-3, 7.25%, 10/24/13 | 3,078 | 3,067,268 |
| | | 21,447,014 |
| Construction & Engineering 0.3% | | |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | 1,500 | 1,500,000 |
| Construction Materials 0.3% | | |
| Fairmount Minerals Ltd., Term Loan B, 6.25%, 8/05/16 | 1,425 | 1,425,594 |
| Consumer Finance 2.5% | | |
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15 | 6,925 | 6,842,766 |
| Daimler Chrysler Financial Services Americas LLC, Term Loan (Second Lien), 6.78%, 8/05/13 | 4,423 | 4,407,423 |
| | | 11,250,189 |
| Containers & Packaging 0.8% | | |
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | 1,089 | 1,078,005 |
| BWAY Holdings Co., Term Loan B, 5.50% 6.00%, 6/16/17 | 320 | 319,600 |
| Berry Plastics Holding Corp., Term Loan C, 2.38%, 4/03/15 | 1,376 | 1,254,339 |
| Graham Packaging Co., LP, Term Loan C, 6.75%, | | |

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| | | |
|---|-------|------------|
| 4/05/14 | 711 | 714,487 |
| ICL Industrial Containers ULC/ICL Contenants Industriels | | |
| ULC (FKA BWAY), Term Loan C, 5.50% 6.00%, 6/16/17 | 30 | 29,981 |
| | | 3,396,412 |
| Diversified Consumer Services 2.9% | | |
| Coinmach Service Corp., Term Loan, 3.35%, 11/14/14 | 3,910 | 3,408,835 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | 6,404 | 6,296,604 |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.77% 3.04%, 7/24/14 | 3,288 | 3,021,719 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | 327 | 300,918 |
| | | 13,028,076 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

71

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|--------------|
| Floating Rate Loan Interests (e) | | | |
| Diversified Financial Services 2.2% | | | |
| MSCI, Inc., Term Loan, 4.75%, 6/01/16 | USD | 1,970 | \$ 1,975,809 |
| Reynolds Group Holdings, Inc.: | | | |
| Incremental US Term Loan, 6.25%, 5/05/16 | | 2,300 | 2,283,709 |
| US Term Loan, 6.25%, 5/05/16 | | 3,746 | 3,726,582 |
| Whitelabel IV SA: | | | |
| Term Loan B1, 5.00%, 8/11/17 | EUR | 565 | 708,837 |
| Term Loan B2, 5.00%, 8/11/17 | | 935 | 1,173,030 |
| | | | 9,867,967 |
| Diversified Telecommunication Services 2.6% | | | |
| Cincinnati Bell Inc., Tranche B Term Loan, 6.50%, 6/11/17 | USD | 1,845 | 1,831,535 |
| Hawaiian Telcom Communications, Inc., Tranche C Term Loan, 4.75%, 5/30/14 (c) | | 1,937 | 1,356,031 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | | 1,600 | 1,596,000 |
| Level 3 Communications, Incremental Term Loan, 2.53% 2.78%, 3/13/14 | | 4,825 | 4,322,143 |
| Wind Finance SL SA, Euro Facility (Second Lien), 7.89%, 12/17/14 | EUR | 2,000 | 2,529,353 |
| | | | 11,635,062 |
| Electric Utilities 0.7% | | | |
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | USD | 3,250 | 3,282,500 |
| Electrical Equipment 0.6% | | | |
| Baldor Electric Co., Term Loan, 5.25% 5.50%, 1/31/14 | | 2,527 | 2,527,463 |
| Electronic Equipment, Instruments & Components 1.9% | | | |
| CDW LLC (FKA CDW Corp.), Term Loan, 4.28%, 10/10/14 | | 2,051 | 1,837,179 |
| Flextronics International Ltd.: | | | |
| Closing Date Loan A, 2.53% 2.56%, 10/01/14 | | 310 | 289,996 |
| Closing Date Loan B, 2.56%, 10/01/12 | | 1,606 | 1,546,332 |
| L-1 Identity Solutions Operating Co., Tranche B-1 Term Loan, 6.75%, 8/05/13 | | 2,202 | 2,188,780 |

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| | | | |
|---|-----|-------|------------|
| Styron Sarl, Term Loan, 7.50%, 6/17/16 | | 2,700 | 2,721,087 |
| | | | 8,583,374 |
| Energy Equipment & Services 0.4% | | | |
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | | 1,920 | 1,915,374 |
| Food & Staples Retailing 2.9% | | | |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.55%, 7/09/15 | GBP | 2,425 | 3,459,690 |
| Bolthouse Farms, Inc., Term Loan (First Lien), 5.50%, 2/11/16 | USD | 1,895 | 1,884,807 |
| DS Waters of America, Inc., Term Loan, 2.51%, 10/29/12 | | 1,368 | 1,307,754 |
| Pierre Foods, Term Loan, 7.00%, 3/03/16 | | 1,877 | 1,871,400 |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | | 3,895 | 3,899,373 |
| Rite Aid Corp., Term Loan B, 6.00%, 7/09/14 | | 795 | 767,970 |
| | | | 13,190,994 |
| Food Products 2.2% | | | |
| Dole Food Co., Inc., Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17 | | 996 | 997,579 |
| Michael Foods Group, Inc. (FKA M-Foods Holdings, Inc.) Term Loan B, 6.25%, 6/29/16 | | 1,600 | 1,601,142 |
| Pilgrim's Pride Corp., Term Loan A, 5.53%, 12/01/12 | | 2,085 | 2,064,150 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | | 2,837 | 2,840,546 |
| Solvest Ltd. (Dole), Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17 | | 2,475 | 2,479,016 |
| | | | 9,982,433 |
| Health Care Equipment & Supplies 1.1% | | | |
| Biomet, Inc., Dollar Term Loan, 3.26% 3.54%, 3/25/15 | | 1,198 | 1,157,679 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | | 2,137 | 2,027,498 |
| Fresenius SE: Tranche C-1 Dollar Term Loan, 4.50%, 9/10/14 | | 1,131 | 1,132,619 |
| Tranche C-2 Term Loan, 4.50%, 9/10/14 | | 605 | 605,931 |
| | | | 4,923,727 |

| | Par | |
|--|-------|-------|
| Floating Rate Loan Interests (e) | (000) | Value |
| Health Care Providers & Services 4.9% | | |
| CHS/Community Health Systems, Inc.: | | |

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| | | | |
|---|-----|-------|------------|
| Delayed Draw Term Loan, 2.55%, 7/25/14 | USD | 295 | \$ 278,558 |
| Term Loan Facility, 2.55%, 7/25/14 | | 5,759 | 5,429,356 |
| DaVita, Inc., Tranche B-1 Term Loan, 1.77% 2.04%, 10/05/12 | | 600 | 590,747 |
| Gentiva Health Services, Inc., Term Loan B, 6.75%, 8/12/16 | | 1,800 | 1,776,375 |
| HCA, Inc.: | | | |
| Tranche A-1 Term Loan, 2.03%, 11/16/12 | | 5,185 | 4,988,629 |
| Tranche B-1 Term Loan, 2.78%, 11/18/13 | | 250 | 240,624 |
| Tranche B-2 Term Loan, 3.78%, 3/31/17 | | 100 | 96,797 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16 | | 4,000 | 3,992,500 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 6.00%, 6/03/16 | | 1,900 | 1,900,000 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | | 2,807 | 2,774,298 |
| | | | 22,067,884 |
| Health Care Technology 0.8% | | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | | 3,687 | 3,693,969 |
| Hotels, Restaurants & Leisure 4.8% | | | |
| Harrah's Operating Co., Inc.: | | | |
| Term Loan B-3, 3.50% 3.53%, 1/28/15 | | 2,953 | 2,522,848 |
| Term Loan B-4, 9.50%, 10/31/16 | | 2,985 | 3,046,360 |
| Penn National Gaming, Inc., Term Loan B, 2.01% 2.24%, 10/03/12 | | 1,450 | 1,414,286 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | | 4,110 | 4,113,415 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 6.00%, 6/30/16 | | 3,048 | 3,012,489 |
| Travelport LLC (FKA Travelport, Inc.): | | | |
| Delayed Draw Term Loan, 2.76%, 8/23/13 | | 795 | 754,290 |
| Original Post-First Amendment and Restatement | | | |
| Synthetic Letter of Credit Loan, 3.03%, 8/23/13 | | 76 | 71,831 |
| Tranche B Dollar Term Loan, 2.76%, 8/23/13 | | 419 | 395,585 |
| Universal City Development Partners, Ltd., Term Loan, 5.50%, 11/16/14 | | 1,836 | 1,837,987 |
| VML US Finance LLC (FKA Venetian Macau): | | | |
| Term B Delayed Draw Project Loan, 5.04%, 5/25/12 | | 1,250 | 1,228,609 |
| Term B Funded Project Loan, 5.04%, 5/27/13 | | 3,512 | 3,450,883 |
| | | | 21,848,583 |
| Household Durables 0.1% | | | |

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| | | |
|--|-------|------------|
| American Achievement Corp., Tranche B Term Loan, 6.25% 6.50%, 3/25/11 | 445 | 420,446 |
| IT Services 3.6% | | |
| Audio Visual Services Group, Inc., Tranche B Term Loan (First Lien), 2.79%, 2/28/14 (c) | 1,336 | 988,832 |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | 2,194 | 1,951,927 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | 1,300 | 1,270,750 |
| First Data Corp.: | | |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | 336 | 287,031 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | 4,830 | 4,118,565 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | 2,084 | 1,777,558 |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Incremental Term Loan, 6.75%, 2/28/14 | 2,967 | 2,963,046 |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17 | 3,000 | 3,027,189 |
| | | 16,384,898 |
| Independent Power Producers & Energy Traders 0.9% | | |
| Dynegy Holdings, Inc.: | | |
| Term Letter of Credit Facility, 4.02%, 4/02/13 | 716 | 703,573 |
| Tranche B Term Loan, 4.02%, 4/02/13 | 57 | 56,348 |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-2 Term Loan, 3.79% 4.07%, 10/10/14 | 3,096 | 2,345,853 |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%, 10/10/14 | 1,121 | 844,609 |
| | | 3,950,383 |

See Notes to Financial Statements.

72 ANNUAL REPORT

AUGUST 31, 2010

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

| | Par | Value |
|---|-----------|--------------|
| | (000) | |
| Floating Rate Loan Interests (e) | | |
| Industrial Conglomerates 1.8% | | |
| Sequa Corp., Term Loan, 3.79%, 12/03/14 | USD 8,633 | \$ 7,942,388 |
| Insurance 0.3% | | |
| Alliant Holdings I, Inc., Term Loan, 3.53%, 8/21/14 | 1,668 | 1,584,273 |
| Leisure Equipment & Products 0.1% | | |
| Fender Musical Instruments Corp.: | | |
| Delayed Draw Loan, 2.55%, 6/09/14 | 159 | 132,982 |
| Initial Loan, 2.79%, 6/09/14 | 315 | 263,250 |
| | | 396,232 |
| Machinery 0.4% | | |
| Oshkosh Truck Corp., Term Loan B, 6.44% 6.54%, 12/06/13 | 1,727 | 1,736,812 |
| Marine 0.2% | | |
| Horizon Lines, LLC: | | |
| Revolving Loan, 3.52% 3.55%, 8/08/12 | 610 | 521,831 |
| Term Loan, 3.79%, 8/08/12 | 462 | 421,132 |
| | | 942,963 |
| Media 13.4% | | |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 5,540 | 5,521,540 |
| Cequel Communications, LLC, New Term Loan, 2.30%, 11/05/13 | 425 | 408,293 |
| Charter Communications Operating, LLC: | | |
| New Term Loan, 2.26%, 3/06/14 | 947 | 895,882 |
| Term Loan B1, 7.25%, 3/06/14 | 1,747 | 1,784,174 |
| Term Loan C, 3.79%, 9/06/16 | 7,859 | 7,517,000 |
| Clarke American Corp., Term Loan B, 2.76%, 6/30/14 | 2,261 | 1,948,922 |
| FoxCo Acquisition Sub, LLC, Term Loan, 7.50%, 7/14/15 | 1,547 | 1,488,086 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 5.79%, 6/12/14 (c) | 3,237 | 2,947,017 |
| Intelsat Corp. (FKA PanAmSat Corp.): | | |
| Tranche B-2-A Term Loan, 3.03%, 1/03/14 | 547 | 517,102 |

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| | | | |
|--|-----|-------|------------|
| Tranche B-2-B Term Loan, 3.03%, 1/03/14 | | 547 | 516,789 |
| Tranche B-2-C Term Loan, 3.03%, 1/03/14 | | 547 | 516,789 |
| Intelsat Subsidiary Holding Co. Ltd., Term Loan B, 3.03%, 7/03/13 | | 206 | 196,073 |
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17 | | 2,100 | 2,112,249 |
| Local TV Finance, LLC, Term Loan, 2.27%, 5/07/13 | | 685 | 609,177 |
| MCNA Cable Holdings LLC (OneLink Communications), Loan, 6.89%, 3/01/13 (c) | | 1,336 | 1,135,420 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC): | | | |
| Tranche D Term Loan, 5.50%, 3/31/17 | | 1,489 | 1,458,491 |
| Tranche E Term Loan, 4.50%, 10/23/17 | | 1,850 | 1,745,906 |
| Newsday, LLC, Floating Rate Term Loan, 6.78%, 8/01/13 | | 2,500 | 2,512,500 |
| Nielsen Finance LLC: | | | |
| Class A Dollar Term Loan, 2.29%, 8/09/13 | | 68 | 65,191 |
| Class B Dollar Term Loan, 4.04%, 5/01/16 | | 3,379 | 3,265,319 |
| Class C Dollar Term Loan, 4.04%, 5/28/16 | | 1,100 | 1,055,527 |
| Penton Media, Inc., Term Loan (First Lien), 5.00%, 8/01/14 (c) | | 486 | 335,005 |
| Regal Cinemas Corp., Term Loan, 4.03%, 11/19/16 | | 1,471 | 1,452,921 |
| Sinclair Television Group, Inc., New Tranche B Loan, 5.50%, 10/29/15 | | 1,841 | 1,842,443 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 3,400 | 4,261,976 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.68%, 6/01/12 | USD | 2,157 | 2,011,809 |
| TWCC Holdings Corp., Replacement Term Loans, 5.00%, 9/14/15 | | 3,542 | 3,537,760 |
| UPC Financing Partnership, Facility U, 4.64%, 12/31/17 EUR | | 2,100 | 2,470,334 |
| Virgin Media Investment Holdings Ltd., Facility B, 4.78%, 12/31/15 | GBP | 3,000 | 4,460,064 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.60%, 8/09/11 | USD | 1,641 | 1,583,203 |
| | | | 60,172,962 |

| | | Par | Value |
|---|-----|-------|------------|
| | | (000) | |
| Floating Rate Loan Interests (e) | | | |
| Multi-Utilities 0.3% | | | |
| Energy Transfer Equity, LP, Term Loan, 2.02%, 11/01/12 | USD | 750 | \$ 734,063 |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): | | | |

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| | | | |
|--|-----|-------|-----------|
| Synthetic Letter of Credit, 0.41%, 11/01/13 | | 6 | 5,612 |
| Term B Advance (First Lien), 3.06%, 11/01/13 | | 367 | 340,411 |
| Mach Gen, LLC, Synthetic Letter of Credit Loan (First Lien), 0.28%, 2/22/13 | | 69 | 64,156 |
| | | | 1,144,242 |
| Multiline Retail 1.2% | | | |
| Dollar General Corp., Tranche B-2 Term Loan, 3.01% 3.03%, 7/07/14 | | 1,450 | 1,396,141 |
| Hema Holding BV: | | | |
| Facility B, 2.65%, 7/06/15 | EUR | 861 | 1,032,557 |
| Facility C, 3.40%, 7/05/16 | | 861 | 1,032,558 |
| The Neiman Marcus Group, Inc., Term Loan, 2.30%, 4/06/13 | USD | 2,123 | 2,012,012 |
| | | | 5,473,268 |
| Oil, Gas & Consumable Fuels 0.2% | | | |
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15 | | 1,075 | 1,087,989 |
| Paper & Forest Products 0.4% | | | |
| Georgia-Pacific LLC: | | | |
| Term Loan B, 2.30% 2.53%, 12/23/12 | | 590 | 580,944 |
| Term Loan B-2, 2.30% 2.53%, 12/20/12 | | 1,290 | 1,271,348 |
| | | | 1,852,292 |
| Personal Products 0.0% | | | |
| American Safety Razor Co., LLC, Term Loan (First Lien), 8.00%, 7/31/13 | | 178 | 163,600 |
| Pharmaceuticals 1.0% | | | |
| Warner Chilcott Co., LLC, Term Loan A, 6.00%, 10/30/14 | | 1,356 | 1,353,597 |
| Warner Chilcott Corp.: | | | |
| Additional Term Loan, 6.25%, 4/30/15 | | 773 | 771,563 |
| Term Loan B-1, 6.25%, 4/30/15 | | 579 | 578,310 |
| Term Loan B-2, 6.25%, 4/30/15 | | 964 | 962,880 |
| Term Loan B-3, 6.50%, 2/20/16 | | 547 | 549,243 |
| Term Loan B-4, 6.50%, 2/20/16 | | 178 | 178,214 |
| | | | 4,393,807 |
| Professional Services 0.6% | | | |
| Booz Allen Hamilton, Inc.: | | | |
| Tranche B Term Loan, 7.50%, 7/31/15 | | 2,350 | 2,353,038 |
| Tranche C Term Loan, 6.00%, 7/31/15 | | 150 | 149,963 |
| | | | 2,503,001 |
| Real Estate Management & Development 1.8% | | | |
| Mattamy Funding Partnership, Term Loan, 2.56%, 4/11/13 | | 389 | 358,198 |

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| | | |
|--|-------|-----------|
| Realogy Corp.: | | |
| Delayed Draw Term Loan B, 3.30% 3.53%, 10/10/13 | 5,430 | 4,685,244 |
| Initial Term Loan B, 3.30%, 10/10/13 | 3,011 | 2,598,289 |
| Synthetic Letter of Credit, 0.11%, 10/10/13 | 516 | 445,411 |
| | | 8,087,142 |
| Semiconductors & Semiconductor Equipment 0.2% | | |
| Freescale Semiconductor, Inc., Extended Maturity Term Loan, 4.56%, 12/01/16 | | |
| | 955 | 853,979 |
| Software 0.7% | | |
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16 | | |
| | 2,195 | 2,192,672 |
| Vertafore, Inc., Term Loan B, 6.75%, 7/28/16 | | |
| | 1,140 | 1,132,875 |
| | | 3,325,547 |

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

73

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--|-------------|
| Floating Rate Loan Interests (e) | | |
| Specialty Retail 1.5% | | |
| Bass Pro Group LLC, Term Loan, 5.00% 5.75%, 4/10/15 | USD 539 | \$ 538,475 |
| Burlington Coat Factory Warehouse Corp., Term Loan, 2.54% 2.66%, 5/28/13 | 740 | 701,022 |
| General Nutrition Centers, Inc., Term Loan, 2.52% 2.79%, 9/16/13 | 256 | 242,141 |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.63% 2.81%, 10/31/13 | 1,691 | 1,595,070 |
| Term Loan B-2, 4.88% 5.06%, 7/31/16 | 1,040 | 1,003,198 |
| Toys 'R' US, Inc., Term Loan B, 6.00%, 8/17/16 | 2,500 | 2,493,735 |
| | | 6,573,641 |
| Textiles, Apparel & Luxury Goods 0.8% | | |
| Hanesbrands, Inc., New Term Loan, 5.25%, 12/10/15 | 1,382 | 1,391,590 |
| Phillips Van Heusen Corp., US Tranche B Term Loan, 4.75%, 5/06/16 | 2,437 | 2,450,219 |
| | | 3,841,809 |
| Wireless Telecommunication Services 2.2% | | |
| Cavtel Holdings, LLC, Term Loan, 10.50%, 12/31/12 (c) | 707 | 668,230 |
| Digicel International Finance Ltd., US Term Loan (Non-Rollover), 3.06%, 3/30/12 | 6,574 | 6,417,396 |
| MetroPCS Wireless, Inc.: | | |
| Tranche B-1 Term Loan, 2.56%, 11/03/13 | 227 | 220,697 |
| Tranche B-2 Term Loan, 3.81%, 11/03/16 | 2,475 | 2,427,072 |
| | | 9,733,395 |
| Total Floating Rate Loan Interests 83.5% | | 376,220,587 |
| | Beneficial Interest (000) | |
| Other Interests (f) | | |
| Diversified Financial Services 0.4% | | |
| J.G. Wentworth LLC Preferred Equity Interests (g) | 1 | 2,022,221 |
| Total Other Interests 0.4% | | 2,022,221 |
| Warrants (h) | Shares | |

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| | | | |
|---|---------------|--|---------------|
| Media | 0.0% | | |
| New Vision Holdings LLC: | | | |
| (Expires 9/30/14) | | 7,419 | 74 |
| (Expires 9/30/14) | | 41,217 | 412 |
| Total Warrants | 0.0% | | 486 |
| Total Long-Term Investments | | | |
| (Cost \$467,617,315) | 98.2% | | 442,640,460 |
| | | Shares/ Beneficial Interest (000) | |
| Short-Term Securities | | | |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.25% (i)(j) | | | |
| | | 23,631,517 | 23,631,517 |
| Bank of New York Cash Reserves, 0.01% (j) | USD | 491 | 491,479 |
| Total Short-Term Securities | | | 24,122,996 |
| (Cost \$24,122,996) | 5.4% | | |
| Total Investments (Cost \$491,740,311*) | 103.6% | | 466,763,456 |
| Liabilities in Excess of Other Assets | (3.6)% | | (16,376,276) |
| Net Assets | 100.0% | | \$450,387,180 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 487,059,138 |
| Gross unrealized appreciation | \$ 6,631,672 |
| Gross unrealized depreciation | (26,927,354) |
| Net unrealized depreciation | \$ (20,295,682) |

(a) Non-income producing security.

(b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(c) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.

(d) Convertible security.

(e) Variable rate security. Rate shown is as of report date.

(f) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

(g) The investment is held by a wholly owned taxable subsidiary of the Master LLC.

(h) Warrants entitle the Master LLC to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

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(i) Investments in companies considered to be an affiliate of the Master LLC during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income |
|--|-----------------------------------|-----------------|-----------------------------------|-----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 33,608,423 | (9,485,427) | 24,122,996 | \$ 39,092 |

(j) Represents the current yield as of report date.

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|------------------|--------------------|--|
| USD 15,829,072 | EUR 12,523,000 | Citibank NA | 9/15/10 | \$ (40,364) |
| USD 581,968 | CAD 614,500 | Deutsche Bank AG | 10/20/10 | 6,166 |
| USD 8,033,312 | GBP 5,262,500 | Citibank NA | 10/20/10 | (34,708) |
| Total | | | | \$ (68,906) |

For Master LLC compliance purposes, the Master LLC's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Master LLC management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Master LLC's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Master LLC's policy regarding valuation of investments and derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

Schedule of Investments (concluded)

Master Senior Floating Rate LLC

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Master LLC's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---------------------|---------------------|----------------------|---------------------|----------------------|
| Assets: | | | | |
| Investments in | | | | |
| Securities: | | | | |
| Long-Term | | | | |
| Investments: | | | | |
| Common Stocks | \$ 725,695 | \$ 899,938 | \$ 15,290 | \$ 1,640,923 |
| Corporate Bonds | | 56,792,716 | 5,963,527 | 62,756,243 |
| Floating Rate | | | | |
| Loan Interests | | 327,624,962 | 48,595,625 | 376,220,587 |
| Other Interests | | | 2,022,221 | 2,022,221 |
| Warrants | | | 486 | 486 |
| Short-Term | | | | |
| Securities | 23,631,517 | 491,479 | | 24,122,996 |
| Liabilities: | | | | |
| Unfunded Loan | | | | |
| Commitments | | | (142,101) | (142,101) |
| Total | \$24,357,212 | \$385,809,095 | \$56,455,048 | \$466,621,355 |

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---------------------|---------|--------------------|---------|--------------------|
| Assets: | | | | |
| Foreign currency | | | | |
| exchange | | | | |
| contracts | | \$ 6,166 | | \$ 6,166 |
| Liabilities: | | | | |
| Foreign currency | | | | |
| exchange | | | | |
| contracts | | (75,072) | | (75,072) |
| Total | | \$ (68,906) | | \$ (68,906) |

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¹ Derivative financial instruments are foreign currency exchange contracts. Foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Warrants | Unfunded Loan Commitments | Total |
|---|------------------|--------------------|---------------------------------------|--------------------|---------------|------------------------------|----------------------|
| Assets/Liabilities: | | | | | | | |
| | | \$ | | | | | |
| Balance, as of August 31, 2009 | \$ 16,332 | 6,417,361 | \$ 97,288,159 | \$ 777,120 | | \$ (112,385) | \$104,386,587 |
| Accrued discounts/premiums | | 118,114 | 976,599 | | | | 1,094,713 |
| Net realized gain (loss) | | 4 | (19,835,811) | | | | (19,835,807) |
| Net change in unrealized appreciation/depreciation ² | (1,042) | (669,032) | 32,312,040 | 1,245,101 | | (29,716) | 32,857,351 |
| Purchases | | 97,088 | 40,379,175 | | | | 40,476,263 |
| Sales | | (8) | (110,852,043) | | | | (110,852,051) |
| Transfers in ³ | | | 22,006,365 | | \$ 486 | | 22,006,851 |
| Transfers out ³ | | | (13,678,859) | | | | (13,678,859) |
| | | \$ | | \$ | | | |
| Balance, as of August 31, 2010 | \$ 15,290 | 5,963,527 | \$ 48,595,625 | 2,022,221 | \$ 486 | \$ (142,101) | \$ 56,455,048 |

² Included in the related net change in unrealized appreciation/depreciation on the Statement of Operations. The change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$2,478,728.

³ The Master LLC's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

75

Statement of Assets and Liabilities

Master Senior Floating Rate LLC

August 31, 2010

Assets

| | |
|--|--------------------|
| Investments at value unaffiliated (cost \$468,108,794) | \$ 443,131,939 |
| Investments at value affiliated (cost \$23,631,517) | 23,631,517 |
| Unrealized appreciation on foreign currency exchange contracts | 6,166 |
| Foreign currency at value (cost \$134,185) | 131,146 |
| Investments sold receivable unaffiliated | 13,302,665 |
| Investments sold receivable affiliated | 122,574 |
| Interest receivable | 4,040,267 |
| Contributions receivable from investors | 978,783 |
| Commitment fees receivable | 3,172 |
| Prepaid expenses | 15,895 |
| Total assets | 485,364,124 |

Liabilities

| | |
|--|-------------------|
| Unrealized depreciation on foreign currency exchange contracts | 75,072 |
| Unrealized depreciation on unfunded loan commitments | 142,101 |
| Investments purchased payable | 33,927,766 |
| Investment advisory fees payable | 360,247 |
| Deferred income | 240,821 |
| Other affiliates payable | 1,420 |
| Directors' fees payable | 500 |
| Other accrued expenses payable | 209,976 |
| Other liabilities | 19,041 |
| Total liabilities | 34,976,944 |

Net Assets \$ 450,387,180

Net Assets Consist of

| | |
|--|-----------------------|
| Investors' capital | \$ 475,562,640 |
| Net unrealized appreciation/depreciation | (25,175,460) |
| Net Assets | \$ 450,387,180 |

See Notes to Financial Statements.

76 ANNUAL REPORT

AUGUST 31, 2010

Statement of Operations**Master Senior Floating Rate LLC**

Year Ended August 31, 2010

Investment Income

| | |
|-------------------------|---------------|
| Interest | \$ 28,267,640 |
| Dividends affiliated | 39,092 |
| Facility and other fees | 634,187 |
| Total income | 28,940,919 |

Expenses

| | |
|---|------------|
| Investment advisory | 4,328,391 |
| Professional | 192,941 |
| Accounting services | 157,066 |
| Custodian | 58,542 |
| Directors | 46,888 |
| Printing | 6,491 |
| Miscellaneous | 93,318 |
| Total expenses excluding interest expense | 4,883,637 |
| Interest expense | 16,110 |
| Total expenses | 4,899,747 |
| Less fees waived by advisor | (17,708) |
| Total expenses after fees waived | 4,882,039 |
| Net investment income | 24,058,880 |

Realized and Unrealized Gain (Loss)

| | |
|---|----------------------|
| Net realized gain (loss) from: | |
| Investments | (26,940,752) |
| Swaps | (500,317) |
| Foreign currency transactions | 2,766,574 |
| | (24,674,495) |
| Net change in unrealized appreciation/depreciation on: | |
| Investments | 51,104,034 |
| Swaps | 290,086 |
| Foreign currency transactions | 167,412 |
| Unfunded loan commitments | (29,716) |
| | 51,531,816 |
| Total realized and unrealized gain | 26,857,321 |
| Net Increase in Net Assets Resulting from Operations | \$ 50,916,201 |

Statements of Changes in Net Assets**Master Senior Floating Rate LLC**

Year Ended August 31,

| | | |
|---|-------------|-------------|
| Increase (Decrease) in Net Assets: | 2010 | 2009 |
|---|-------------|-------------|

Operations

| | | |
|-----------------------|---------------|---------------|
| Net investment income | \$ 24,058,880 | \$ 27,640,754 |
|-----------------------|---------------|---------------|

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| | | |
|---|--------------|--------------|
| Net realized loss | (24,674,495) | (49,899,586) |
| Net change in unrealized appreciation/depreciation | 51,531,816 | (16,926,300) |
| Net increase (decrease) in net assets resulting from operations | 50,916,201 | (39,185,132) |

Capital Transactions

| | | |
|--|--------------|---------------|
| Proceeds from contributions | 35,429,443 | 45,763,562 |
| Value of withdrawals | (99,242,421) | (132,042,492) |
| Net decrease in net assets derived from capital transactions | (63,812,978) | (86,278,930) |

Net Assets

| | | |
|------------------------------------|----------------|----------------|
| Total decrease in net assets | (12,896,777) | (125,464,062) |
| Beginning of year | 463,283,957 | 588,748,019 |
| End of year | \$ 450,387,180 | \$ 463,283,957 |
| See Notes to Financial Statements. | | |

ANNUAL REPORT

AUGUST 31, 2010

77

Statement of Cash Flows

Master Senior Floating Rate
LLC

Year Ended August 31, 2010

Cash Provided by Operating Activities

| | |
|---|---------------|
| Net increase in net assets resulting from operations | \$ 50,916,201 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: | |
| Increase in interest receivable | (69,121) |
| Increase in commitment fees receivable | (3,172) |
| Decrease in other assets | 189,286 |
| Decrease in prepaid expenses | 2,319 |
| Decrease in investment advisory fees payable | (7,278) |
| Decrease in other affiliates payable | (22) |
| Increase in other accrued expenses payable | 99,883 |
| Decrease in swaps payable | (32,025) |
| Increase in other liabilities | 3,439 |
| Decrease in Officers and Directors fees payable | (225) |
| Net realized and unrealized gain | (22,827,660) |
| Net periodic and termination payments of swaps | 52,260 |
| Amortization of premium and accretion of discount on investments | (4,807,664) |
| Paid-in-kind income | (342,391) |
| Proceeds from sales and paydowns of long-term investments | 506,123,724 |
| Purchases of long-term investments | (474,752,189) |
| Net sales of short-term securities | 9,485,427 |
| Cash provided by operating activities | 64,030,792 |

Cash Used for Financing Activities

| | |
|------------------------------------|--------------|
| Cash receipts from contributions | 35,198,915 |
| Cash payments on withdrawals | (99,242,421) |
| Cash receipts from borrowings | 32,000,000 |
| Cash payments on borrowings | (32,000,000) |
| Cash used for financing activities | (64,043,506) |

Cash Impact from Foreign Exchange Fluctuations

| | |
|--|---------|
| Cash impact from foreign exchange fluctuations | (3,024) |
|--|---------|

Cash

| | |
|--|------------|
| Net decrease in cash and foreign currency | (15,738) |
| Cash and foreign currency at beginning of year | 146,884 |
| Cash and foreign currency at end of year | \$ 131,146 |

Cash Flow Information

| | |
|------------------------|-----------|
| Cash paid for interest | \$ 16,110 |
|------------------------|-----------|

See Notes to Financial Statements.

Financial Highlights

Master Senior Floating Rate LLC

Year Ended August

31,

2010 2009 2008 2007 2006

Total Investment Return

| | | | | | |
|-------------------------|--------|---------|---------|-------|-------|
| Total investment return | 11.67% | (4.23)% | (1.08)% | 3.49% | 5.37% |
|-------------------------|--------|---------|---------|-------|-------|

Ratios to Average Net Assets

| | | | | | |
|----------------|-------|-------|-------|-------|-------|
| Total expenses | 1.08% | 1.05% | 1.04% | 1.04% | 1.04% |
|----------------|-------|-------|-------|-------|-------|

| | | | | | |
|----------------------------------|-------|-------|-------|-------|-------|
| Total expenses after fees waived | 1.07% | 1.05% | 1.04% | 1.04% | 1.04% |
|----------------------------------|-------|-------|-------|-------|-------|

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Total expenses after fees waived and excluding interest expense | 1.07% | 1.04% | 1.04% | 1.02% | 1.03% |
|---|-------|-------|-------|-------|-------|

| | | | | | |
|-----------------------|-------|-------|-------|-------|-------|
| Net investment income | 5.29% | 6.44% | 6.41% | 7.07% | 6.22% |
|-----------------------|-------|-------|-------|-------|-------|

Supplemental Data

| | | | | | |
|-------------------------------|------------|------------|------------|------------|------------|
| Net assets, end of year (000) | \$ 450,387 | \$ 463,284 | \$ 588,748 | \$ 758,328 | \$ 925,910 |
|-------------------------------|------------|------------|------------|------------|------------|

| | | | | | |
|--------------------|------|-----|-----|-----|-----|
| Portfolio turnover | 108% | 47% | 56% | 46% | 54% |
|--------------------|------|-----|-----|-----|-----|

| | | | | | |
|--|----------|--------|--|----------|----------|
| Average loan outstanding during the year (000) | \$ 1,044 | \$ 420 | | \$ 2,255 | \$ 1,932 |
|--|----------|--------|--|----------|----------|

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2010

79

Notes to Financial Statements

Master Senior Floating Rate LLC

1. Organization and Significant Accounting Policies:

Master Senior Floating Rate LLC (the Master LLC) is registered under the Investment Company Act of 1940, as amended (the 1940 Act), and is organized as a Delaware limited liability company. The Limited Liability Company Agreement permits the Board of Directors (the Board) to issue non-transferable interests in the Master LLC, subject to certain limitations.

The Master LLC's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed by the Master LLC:

Valuation: The Master LLC fair values its financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The Master LLC values its bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Swap agreements are valued utilizing quotes received daily by the Master LLC's pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows and trades and values of the underlying reference instruments. Investments in open-end investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System are valued at the last reported sale price that day or the NASDAQ official closing price, if applicable. For equity investments traded on more than one exchange, the last reported sale price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last available bid price. If no bid price is available, the prior day's price will be used, unless it is determined that such prior day's price no longer reflects the fair value of the security.

Securities and other assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates determined as of the close of business on the New York Stock Exchange (NYSE). Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that the Master LLC might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE that may not be reflected in the computation of the Master LLC's net assets. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such instruments, those instruments may be Fair Value Assets and be valued at their fair values, as determined in good faith by the investment advisor using a pricing service and/or policies approved by the Board.

Foreign Currency Transactions: The Master LLC's books and records are maintained in US dollars. Purchases and sales of investment securities are recorded at the rates of exchange prevailing on the date the transactions are entered into. Generally, when the US dollar rises in value against foreign currency, the Master LLC's investments denominated in that currency will lose value because its currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

The Master LLC reports foreign currency related transactions as components of realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

Floating Rate Loan Interests: The Master LLC may invest in floating rate loan interests. The floating rate loan interests the Master LLC holds are typically issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often

involve borrowers whose financial condition is troubled or uncertain and companies that are highly levered. The Master LLC may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR (London Inter Bank Offered Rate), the prime rate offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign

80 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

Master Senior Floating Rate LLC

borrowers, and investments may be denominated in foreign currencies. The Master LLC considers these investments to be investments in debt securities for purposes of its investment policies.

When the Master LLC buys a floating rate loan interest it may receive a facility fee and when it sells a floating rate loan interest it may pay a facility fee. On an ongoing basis, the Master LLC may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. The Master LLC earns and/or pays facility and other fees on floating rate loan interests, which are shown as facility and other fees in the Statement of Operations. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by the Master LLC upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Master LLC may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the borrower's option. The Master LLC may invest in such loans in the form of participations in loans (Participations) and assignments of all or a portion of loans from third parties. Participations typically will result in the Master LLC having a contractual relationship only with the lender, not with the borrower. The Master LLC will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, the Master LLC generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower, and the Master LLC may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Master LLC will assume the credit risk of both the borrower and the lender that is selling the Participation. The Master LLC's investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, the Master LLC may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower.

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Master LLC either delivers collateral or segregates assets in connection with certain investments (e.g., swaps and foreign currency exchange contracts), the Master LLC will, consistent with SEC rules and/or

certain interpretive letters issued by the SEC, segregate collateral or designate on its books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit securities as collateral for certain investments.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Master LLC has determined the ex-dividend date. Interest income, including amortization of premium and accretion of discount on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in facility and other fees in the Statement of Operations.

Income Taxes: The Master LLC is classified as a partnership for federal income tax purposes. As such, each investor in the Master LLC is treated as owner of its proportionate share of the net assets, income, expenses and realized and unrealized gains and losses of the Master LLC. Therefore, no federal income tax provision is required. It is intended that the Master LLC's assets will be managed so an investor in the Master LLC can satisfy the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended.

The Master LLC files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Master LLC's US federal tax returns remains open for each of the four years ended August 31, 2010. The statutes of limitations on the Master LLC's state and local tax returns may remain open for an additional year depending upon the jurisdiction. There are no uncertain tax positions that require recognition of a tax liability.

Other: Expenses directly related to the Master LLC are charged to the Master LLC. Other operating expenses shared by several funds are pro-rated among those funds on the basis of relative net assets or other appropriate methods. The Master LLC has an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statement of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

2. Derivative Financial Instruments:

The Master LLC engages in various portfolio investment strategies using derivative contracts both to increase the returns of the Master LLC and

to economically hedge, or protect, its exposure to certain risks such as credit risk and foreign currency exchange rate risk. These contracts may be transacted on an exchange or over-the-counter (OTC).

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. The Master LLC s maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain netted against any collateral pledged by/posted to the counterparty.

ANNUAL REPORT

AUGUST 31, 2010

81

Notes to Financial Statements (continued)

Master Senior Floating Rate LLC

The Master LLC may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement implemented between the Master LLC and each of its respective counterparties. The ISDA Master Agreement allows the Master LLC to offset with each separate counterparty certain derivative financial instrument s payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Master LLC from its counterparties are not fully collateralized contractually or otherwise, the Master LLC bears the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, the Master LLC manages counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Master LLC s net assets decline by a stated percentage or the Master LLC fails to meet the terms of its ISDA Master Agreements, which would cause the Master LLC to accelerate payment of any net liability owed to the counterparty.

Foreign Currency Exchange Contracts: The Master LLC enters into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Master LLC, help to manage the overall exposure to the currency backing some of the investments held by the Master LLC. The contract is marked-to-market daily and the change in market value is recorded by the Master LLC as an unrealized gain or loss. When the contract is closed, the Master LLC records a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that a counterparty to the contract does not perform its obligations under the agreement.

Swaps: The Master LLC enters into swap agreements, in which the Master LLC and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the

Master LLC are recorded in the Statement of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Master LLC will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Master LLC's basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in

excess of the amounts recognized in the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

Credit default swaps The Master LLC enters into credit default swaps to manage its exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which it is not otherwise exposed (credit risk). The Master LLC enters into credit default agreements to provide a measure of protection against the default of an issuer (as buyer protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Master LLC may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Master LLC will either receive from the seller an amount equal to the

notional amount of the swap and deliver the referenced security or underlying securities comprising of an index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index. As a seller (writer), if an underlying credit event occurs, the Master LLC will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising of an index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value

of the security or underlying securities comprising of an index.

Derivative Instruments Categorized by Risk Exposure

Fair Values of Derivative Instruments as of August 31, 2010

| | Statement of Assets and Liabilities | Asset Derivatives Value | Liability Derivatives Statement of Assets and Liabilities | Value |
|---------------------------|--|------------------------------------|--|--------------|
| | Location | | Location | |
| | Unrealized | | Unrealized | |
| | appreciation | | depreciation | |
| | on foreign | | on foreign | |
| | currency | | currency | |
| Foreign currency exchange | exchange | | exchange | |
| contracts | contracts | \$ 6,166 | contracts | \$ 75,072 |

82 ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (continued)

Master Senior Floating Rate LLC

The Effect of Derivative Instruments on the Statement of Operations
Year Ended August 31, 2010

Net Realized Gain (Loss) from

| | Swaps | Foreign Currency Exchange Contracts |
|-------------------------------------|---------------------|--|
| Foreign currency exchange contracts | | \$ 2,222,075 |
| Credit contracts | \$ (500,317) | |
| Total | \$ (500,317) | \$ 2,222,075 |

Net Change in Unrealized Appreciation/Depreciation on

| | Swaps | Foreign Currency Exchange Contracts |
|-------------------------------------|-------------------|--|
| Foreign currency exchange contracts | | \$ 132,016 |
| Credit contracts | \$ 290,086 | |
| Total | \$ 290,086 | \$ 132,016 |

For the year ended August 31, 2010, the average quarterly balances of outstanding derivative financial instruments were as follows:

| | | |
|--------------------------------------|----------------------|--------------|
| Foreign currency exchange contracts: | | |
| Average number of contracts | US dollars purchased | 6 |
| Average number of contracts | US dollars sold | 1 |
| Average US dollar amounts purchased | | \$29,323,146 |
| Average US dollar amounts sold | | \$ 2,999,899 |
| Credit default swaps: | | |
| Average number of contracts | buy protection | 1 |
| Average notional value | buy protection | \$ 813,750 |

3. Investment Advisory Agreement and Other Transactions
with Affiliates:

The PNC Financial Services Group, Inc. (PNC), Bank of America Corporation (BAC) and Barclays Bank PLC (Barclays) are the largest stockholders of BlackRock, Inc. (BlackRock). Due to the ownership structure, PNC is an affiliate of the Master LLC for 1940 Act purposes, but BAC and Barclays are not.

The Master LLC entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Master LLC s investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of the Master LLC s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Master LLC. For such services, the Master LLC pays the Manager a monthly fee at an annual rate of 0.95% of the Master LLC s average daily net assets.

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Master LLC pays to the Manager indirectly through its investment in affiliated money market funds, however, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid through the Master LLC s investment in other affiliated investment companies, if any. This amount is shown as fees waived by advisor in the Statement of Operations.

The Manager entered into a sub-advisory agreement with BlackRock Financial Management, Inc. (BFM), an affiliate of the Manager. The Manager pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by the Master LLC to the Manager.

For the year ended August 31, 2010, the Master LLC reimbursed the Manager \$8,706 for certain accounting services, which is included in accounting services in the Statement of Operations.

Certain officers and/or directors of the Master LLC are officers and/or directors of BlackRock or its affiliates.

4. Investments:

Purchases and sales of investments including paydowns and excluding short-term securities, for the year ended August 31, 2010, were \$486,070,510 and \$515,641,944, respectively.

5. Commitments:

The Master LLC may invest in floating rate loan interests. In connection with these investments, the Master LLC may also enter into unfunded loan commitments (commitments). Commitments may obligate the Master LLC to furnish temporary financing to a borrower until permanent financing can be

arranged. In connection with these commitments, the Master LLC earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is classified in the Statement of Operations as facility and other fees, is recognized ratably over the commitment period. As of August 31, 2010, the Master LLC had the following unfunded loan commitments:

| Borrower | Unfunded Commitment | Value of Underlying Loan |
|----------------------|--------------------------------|---|
| Horizon Lines, LLC | \$ 446,009 | \$ 404,584 |
| Delta Airlines, Inc. | \$3,350,000 | \$3,249,324 |

6. Market and Credit Risk:

In the normal course of business, the Master LLC invests in securities and enters into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Master LLC may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Master LLC; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Master LLC may be exposed to counterparty credit risk, or the risk that an entity with which the Master LLC has unsettled or open transactions may fail to or be unable to perform on its commitments. The Master LLC manages counterparty credit risk by entering into transactions only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Master LLC to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Master LLC's exposure to market, issuer and counterparty credit risks with respect to these financial assets is gen-

ANNUAL REPORT

AUGUST 31, 2010

Notes to Financial Statements (concluded)

Master Senior Floating Rate LLC

erally approximated by their value recorded in the Master LLC's Statement of Assets and Liabilities, less any collateral held by the Master LLC.

7. Borrowings:

The Master LLC, along with certain other funds managed by the Manager and its affiliates, is a party to a \$500 million credit agreement with a group of lenders, which was renewed until November 2010. The Master LLC may borrow under the credit agreement to fund shareholder redemptions. Prior to its renewal the credit agreement had the following terms: 0.02% upfront fee on the aggregate commitment amount which was allocated to the Master LLC based on its net assets as of October 31, 2008; a commitment fee of 0.08% per annum based on the Master LLC's pro rata share of the unused portion of the credit agreement, which is included in miscellaneous in the Statement of Operations, and interest at a rate equal to the higher of the (a) federal funds effective rate and (b) reserve adjusted one-month LIBOR, plus, in each case, the higher of (i) 1.50% and (ii) 50% of the CDX Index (as defined in the credit agreement) on amounts borrowed. Effective November 2009, the credit agreement was renewed with the following terms: 0.02% upfront fee on the aggregate commitment amount which was allocated to the Master LLC based on its net assets as of October 31, 2009, a commitment fee of 0.10% per annum based on the Master LLC's pro rata share of the unused portion of the credit agreement, which is included in miscellaneous in the Statement of Operations, and interest at a rate equal to the higher of (a) the one-month LIBOR plus 1.25% per annum and (b) the Fed Funds rate plus 1.25% per annum on amounts borrowed. For the year ended August 31, 2010, the daily weighted average interest rate was 1.54%.

8. Subsequent Events:

Management's evaluation of the impact of all subsequent events on the Master LLC's financial statements was completed through the date the financial statements were issued and the following items were noted:

On September 2, 2010, the Board of each of Senior Floating Rate and Senior Floating Rate II (the "Senior Floating Rate Funds") and on September 17, 2010 the Board of Trustees of BlackRock Funds II approved the reorganization of each Senior Floating Rate Fund into the BlackRock Floating Rate Income Portfolio, a series of BlackRock Funds II, with the BlackRock Floating Rate Income Portfolio being the surviving fund (the Reorganizations). The reorganizations are subject to shareholder approval and certain other conditions. If approved by shareholders, it is currently expected that each Reorganization would be completed in the first quarter of 2011.

Each Senior Floating Rate Fund is a "feeder" fund that invests all of its assets in the Master LLC. In connection with the Reorganizations, the Board of the Master LLC approved the liquidation and dissolution of the Master LLC and the distribution of its assets in the event one or both of the Reorganizations are approved by shareholders.

84 ANNUAL REPORT

AUGUST 31, 2010

Report of Independent Registered Public Accounting Firm

Master Senior Floating Rate LLC

To the Investors and Board of Directors of Master Senior Floating Rate LLC:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Master Senior Floating Rate LLC (the Master LLC) as of August 31, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Master LLC 's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Master LLC is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Master LLC 's internal control over financial reporting.

Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of August 31, 2010, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Master Senior Floating Rate LLC as of August 31, 2010, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Princeton, New Jersey
October 30, 2010

ANNUAL REPORT

AUGUST 31, 2010

85

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors and the Board of Trustees, as the case may be (each, a Board, and, collectively, the "Boards," and the members of which are referred to as "Board Members") of each of BlackRock Defined Opportunity Credit Trust (BHL), BlackRock Diversified Income Strategies Fund, Inc. (DVF), BlackRock Floating Rate Income Strategies Fund, Inc. (FRA), BlackRock Limited Duration Income Trust (BLW) and Master Senior Floating Rate Fund LLC (the Master LLC) met on April 8, 2010 and May 13 14, 2010 to consider the approval of its respective fund's investment advisory agreement (each, an Advisory Agreement) with BlackRock Advisors, LLC (the Manager), each fund s investment advisor. The Boards of BHL, DVF, FRA, BLW and the Master LLC also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement) between the Manager and BlackRock Financial Management, Inc. (the Sub-Advisor), with respect to its fund. BlackRock Senior Floating Rate Fund, Inc. (Senior Floating Rate) and BlackRock Senior Floating Rate Fund II, Inc. (Senior Floating Rate II, and together with Senior Floating Rate, each, a Feeder Fund and together, the Feeder Funds) currently invest substantially all of their investable assets in the Master LLC; accordingly, the Board of each of the Feeder Funds also considered the approval of the Master LLC's Advisory Agreement and Sub-Advisory Agreement. The Feeder Funds do not require investment advisory services because all of their investments are made at the Master LLC level. The Feeder Funds, the Master LLC, BLW, BHL, DVF, and FRA are referred to herein individually as a "Fund" and, collectively, the Funds). The Manager and the Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the Agreements.

Activities and Composition of the Board

The Board of each Fund consists of ten individuals, eight of whom are not interested persons of such Fund as defined in the Investment Company Act of 1940 (the 1940 Act) (the Independent Board Members). The Board Members are responsible for the oversight of the operations of each Fund and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Boards is an Independent Board Member. The Boards have established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member) and is chaired by an Independent Board Member. The Boards also has one ad hoc committee, the Joint Product Pricing Committee, which consists of Independent Board Members and the directors/trustees of the boards of

certain other BlackRock-managed funds, who are not interested persons of their respective funds.

The Agreements

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. In connection with this process, the Boards assessed, among other things, the nature, scope

and quality of the services provided to the Funds by the personnel of BlackRock and its affiliates, including investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services and assistance in meeting applicable legal and regulatory requirements.

From time to time throughout the year, each Board, acting directly and through its committees, considered at each of its meetings factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the respective Fund and its shareholders. Among the matters the Board considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management's and portfolio managers' analysis of the reasons for any over performance or underperformance against a Fund's peers and/or benchmark, as applicable; (b) fees, including advisory fees, administration fees in the case of the Feeder Funds and other amounts paid to BlackRock and its affiliates by each Fund for services such as call center and fund accounting, and, in the case of the Feeder Funds, transfer agency, marketing and distribution; (c) each Fund's operating expenses; (d) the resources devoted to and compliance reports relating to each Fund's investment objective, policies and restrictions; (e) each Fund's compliance with its Code of Ethics and compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock's and other service providers' internal controls; (h) BlackRock's implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of each Fund's valuation and liquidity procedures; (k) an analysis of contractual and actual management fees for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; and (l) periodic updates on BlackRock's business.

Board Considerations in Approving the Agreements

The Approval Process: Prior to the April 8, 2010 meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with BlackRock to periodically review the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April meeting included (a) information independently compiled and prepared by Lipper, Inc. (Lipper) on the fees and expenses of each of BHL, DVF, FRA, BLW

and the Feeder Funds, and the investment performance of each such Fund as compared with a peer group of funds as determined by Lipper (collectively, Peers); (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates and significant shareholders; (c) a general analysis provided by BlackRock concerning investment advisory fees charged to other clients, such as institutional clients and open-end funds, under similar investment mandates; (d) the impact of economies of scale; (e) a summary of aggregate amounts paid by each Fund to BlackRock and (f) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

86 ANNUAL REPORT

AUGUST 31, 2010

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

At an in-person meeting held on April 8, 2010, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April 8, 2010 meeting, the Boards presented BlackRock with questions and requests for additional information and BlackRock responded to these requests with additional written information in advance of the May 13-14, 2010 Board meeting.

At an in-person meeting held on May 13-14, 2010, the Boards of BHL, DVF, FRA, BLW and the Master LLC, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its respective Fund and the Sub-Advisory Agreement between the Manager and the Sub-Advisor with respect to its respective Fund, each for a one-year term ending June 30, 2011. The Board of each Feeder Fund, including the Independent Board Members, also considered the continuation of the Agreements with respect to the Master LLC and found the Agreements to be satisfactory. In approving the continuation of the Agreements, the Boards of BHL, DVF, FRA, BLW and the Master LLC considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Funds and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Funds; (d) economies of scale; and (e) other factors deemed relevant by the Board Members.

The Boards also considered other matters they deemed important to the approval process, such as payments made to BlackRock or its affiliates relating to the distribution of the Feeder Funds' shares, services related to the valuation and pricing of each Fund's portfolio holdings, and in the case of the Feeder Funds, the portfolio holdings of the Master LLC, direct and indirect benefits to BlackRock and its affiliates and significant shareholders from their relationship with each Fund and advice from independent legal counsel with respect to the review process and materials submitted for the Boards' review. The Boards noted the willingness of BlackRock personnel to engage in open, candid discussions with the Boards. The Boards did not identify any particular information as controlling, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Boards compared the performance of each of BHL, DVF, FRA, BLW and the Feeder Funds to the performance of a comparable group of closed-end funds, and the performance of a relevant benchmark, if any. The Boards met with BlackRock's senior management

personnel responsible for investment operations, including the senior investment officers. The Boards also reviewed the materials provided by the Funds' portfolio management team discussing each Fund's performance and each Fund's investment objective, strategies and outlook.

The Boards considered, among other factors, the number, education and experience of BlackRock's investment personnel generally and the Funds' portfolio management team, investments by portfolio managers in the funds they manage, BlackRock's portfolio trading capabilities, BlackRock's use of technology, BlackRock's commitment to compliance, BlackRock's

credit analysis capabilities, BlackRock's risk analysis capabilities and BlackRock's approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards also reviewed a general description of BlackRock's compensation structure with respect to the Funds' portfolio management team and BlackRock's ability to attract and retain high-quality talent.

In addition to advisory services, the Boards considered the quality of the administrative and non-investment advisory services provided to each Fund. BlackRock and its affiliates and significant shareholders provide each Fund with certain administrative services, transfer agency and shareholder services with respect to the Feeder Funds, and other services (in addition to any such services provided to each Fund by third parties) and officers and other personnel as are necessary for the operations of each Fund. In addition to investment advisory services, BlackRock and its affiliates provide each Fund with other services, including (i) preparing disclosure documents, such as the prospectus and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of BHL, DVF, FRA and BLW; (iii) assisting with daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; and (viii) performing other administrative functions necessary for the operation of each Fund, such as tax reporting, fulfilling regulatory filing requirements, and call center services. The Boards reviewed the structure and duties of BlackRock's fund administration, accounting, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Funds and BlackRock: The Boards, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the April 8, 2010 meeting, the Boards were provided with reports, independently prepared by Lipper, which included a comprehensive analysis of the performance of BHL, DVF, FRA, BLW and the Feeder Funds. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper's rankings. In connection with their review, the Boards received and reviewed information

regarding the investment performance of each of BHL, DVF, FRA, BLW and the Feeder Funds as compared to a representative group of similar funds as determined by Lipper and to all funds in such Fund s applicable Lipper category. The Boards were provided with a description of the methodology used by Lipper to select peer funds. The Boards regularly review the performance of each Fund throughout the year.

The Board of BHL noted that, in general, BHL performed better than its Peers in that BHL s performance was at or above the median of its Lipper Performance Universe in either the one-year or since-inception periods reported.

The Board of FRA noted that, in general, FRA performed better than its Peers in that the performance of FRA was at or above the median of its

ANNUAL REPORT

AUGUST 31, 2010

87

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

Lipper Performance Universe in two of the one-, three- and five-year periods reported.

The Boards of the Master LLC and the Feeder Funds noted that, in general, the Feeder Funds performed better than their respective Peers in that the performance of each Feeder Fund (through the investment of their assets in the Master LLC) was at or above the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported.

The Board of DVF noted that DVF performed below the median of its Lipper Performance Universe in the three-year and since-inception periods reported, but that DVF performed better than or equal to the median of its Lipper Performance Universe in the one-year period reported. The Board of DVF and BlackRock reviewed the reasons for DVF's underperformance during the three-year and since-inception periods compared with its Peers. The Board of DVF was informed that, among other things, DVF's credit allocation for most of the period was biased towards the lower quality tiers, which hurt performance dramatically in 2008.

The Board of BLW noted that although BLW underperformed its Peers in two of the one-, three- and five-year periods reported, underperformance for at least one of those two periods was within 10% of the Lipper Performance Universe median return of its Peers.

The Boards of DVF and BLW and BlackRock discussed BlackRock's strategy for improving each respective Fund's performance and BlackRock's commitment to providing the resources necessary to assist each Fund's portfolio managers and to improve each Fund's performance.

The Boards noted that BlackRock has made changes to the organization of the overall fixed income group management structure designed to result in a strengthened leadership team with clearer accountability.

C. Consideration of the Advisory Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds: The Board of each of BHL, DVF, FRA, BLW, including the Independent Board Members, reviewed its respective Fund's contractual advisory fee rate compared with the other funds in its Lipper category. The Board of each of the Feeder Funds and the Master LLC, including the Independent Board Members, reviewed the Master LLC's contractual advisory fee rate compared with the other funds in each Feeder Fund's Lipper category. The Boards also compared the total expenses of each of BHL, DVF, FRA, BLW and the Feeder Funds, as well as actual management fees, to those of other funds in its Lipper category. The Boards considered the services provided and the fees charged by BlackRock to

other types of clients with similar investment mandates, including separately managed institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition and profitability with respect to the services it provided the Funds. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Funds. The Boards reviewed BlackRock's profitability with respect to the Funds and other funds the Boards currently oversee

for the year ended December 31, 2009 compared to available aggregate profitability data provided for the year ended December 31, 2008. The Boards reviewed BlackRock's profitability with respect to other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, expense allocations and business mix, and the difficulty of comparing profitability as a result of those factors.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. Nevertheless, to the extent such information was available, the Boards considered BlackRock's overall operating margin, in general, compared to the operating margin for leading investment management firms whose operations include advising closed-end funds, among other product types. That data indicates that operating margins for BlackRock with respect to its registered funds are generally consistent with margins earned by similarly situated publicly traded competitors. In addition, the Boards considered, among other things, certain third party data comparing BlackRock's operating margin with that of other publicly-traded asset management firms. That third party data indicates that larger asset bases do not, in themselves, translate to higher profit margins.

In addition, the Boards considered the cost of the services provided to each Fund by BlackRock, and BlackRock's and its affiliates' profits relating to the management and distribution of each Fund and the other funds advised by BlackRock and its affiliates. As part of their analysis, the Boards reviewed BlackRock's methodology in allocating its costs to the management of each Fund. The Boards also considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Boards.

The Boards of BHL, DVF, FRA and BLW noted that their respective Funds' contractual management fee rates were lower than or equal to the median contractual management fee rates paid by the Funds' respective Peers, in each case, before taking into account any expense reimbursements or

fee waivers.

The Boards of Senior Floating Rate and the Master LLC noted that the Master LLC's/Senior Floating Rate's contractual management fee rate was above the median contractual management fee rate paid by Senior Floating Rate's Peers, in each case, before taking into account any expense reimbursements or fee waivers. The Boards of Senior Floating Rate and the Master LLC also noted, however, that Senior Floating Rate's actual total expenses, after giving effect to any expense reimbursement or fee waivers by BlackRock, were lower than or equal to the median actual total expenses paid by Senior Floating Rate's Peers, after giving effect to any expense reimbursement or fee waivers.

88 ANNUAL REPORT

AUGUST 31, 2010

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (concluded)

The Boards of Senior Floating Rate II and the Master LLC noted that the Master LLC's/Senior Floating Rate II's contractual management fee rate was above the median contractual management fee rate paid by Senior Floating Rate II's Peers, in each case, before taking into account any expense reimbursements or fee waivers. The Boards of Senior Floating Rate II and the Master LLC also noted, however, that although Senior Floating Rate II's actual total expenses, after giving effect to any expense reimbursement or fee waivers by BlackRock, were above the median actual total expenses of its Peers, after giving effect to any expense reimbursement or fee waivers, they were in the third quartile.

D. Economies of Scale: The Boards, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of each Fund increase. The Boards also considered the extent to which each Fund benefits from such economies and whether there should be changes in the advisory fee rate or structure in order to enable each Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of such Fund, and in the case of the Feeder Funds, upon the asset level of the Master LLC.

The Boards noted that most closed-end fund complexes do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering and each fund is managed independently consistent with its own investment objectives. The Boards noted that only one closed-end fund in the Fund Complex has breakpoints in its fee structure. Information provided by Lipper also revealed that only one closed-end fund complex with total closed-end fund nets assets exceeding \$10 billion, as of December 31, 2009, used a complex level breakpoint structure.

E. Other Factors Deemed Relevant by the Board Members: The Boards, including the Independent Board Members, also took into account other ancillary or fall-out benefits that BlackRock or its affiliates and significant shareholders may derive from their respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates and significant shareholders as service providers to each Fund, including for administrative services, transfer agency services with respect to the Feeder Funds, and distribution services. The Boards also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain mutual fund trans-

actions to assist in managing all or a number of its other client accounts. The Boards further noted that BlackRock completed the acquisition of a complex of exchange-traded funds (ETFs) on December 1, 2009, and that BlackRock s funds may invest in such ETFs without any offset against the management fees payable by the funds to BlackRock.

In connection with its consideration of the Agreements, the Boards also received information regarding BlackRock s brokerage and soft dollar practices. The Boards received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Boards of BHL, DVF, FRA and BLW noted the competitive nature of the closed-end fund marketplace, and that shareholders are able to sell their respective Fund shares in the secondary market if they believe that the Fund s fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

Conclusion

The Boards of BHL, DVF, FRA, BLW and the Master LLC, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its respective Fund for a one-year term ending June 30, 2011 and the Sub-Advisory Agreement between the Manager and the applicable Sub-Advisor with respect to its respective Fund for a one-year term ending June 30, 2011. As part of its approval, the Board of BHL, DVF, FRA, BLW and the Master LLC considered the discussions of BlackRock s fee structure, as it applies to its respective Fund, being conducted by the ad hoc Joint Product Pricing Committee. Based upon its evaluation of all of the aforementioned factors in their totality, the Boards of BHL, DVF, FRA, BLW and the Master LLC, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of its respective Fund and its shareholders. The Board of each Feeder Fund, including the Independent Board Members, also considered the continuation of the Agreements with respect to the Master LLC and found the Agreements to be satisfactory. In arriving at a decision to approve the Agreements, the Boards of BHL, DVF, FRA, BLW and the Master LLC did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination. The contractual fee arrangements for BHL, DVF, FRA, BLW and the Master LLC reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. Certain aspects of the arrangements may be the subject of more attention in some years than in others, and the Board Members conclusions may be based in part on their consideration of these arrangements in prior years.

ANNUAL REPORT

AUGUST 31, 2010

89

Automatic Dividend Reinvestment Plan

Pursuant to each Fund's Dividend Reinvestment Plan (the Plan), common shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by Computershare Trust Company, N.A. for BHL, DVF, FRA and BLW (individually, the Plan Agent or together, the Plan Agents) in the respective Fund's shares pursuant to the Plan. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan.

After BHL, DVF, FRA and BLW declare a dividend or determine to make a capital gain distribution, the Plan Agent will acquire shares for the participants' accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Fund (newly issued shares) or (ii) by purchase of outstanding shares on the open market, on the Fund's primary exchange (open-market purchases). If, on the dividend payment date, the net asset value per share (NAV) is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a market premium), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the payment date, the dollar amount of the dividend will be divided by 95% of the market price on the payment date. If, on the dividend payment date, the NAV is greater than the market value per share plus estimated brokerage commissions (such condition often referred to as a market discount), the Plan Agent will invest the dividend amount in shares acquired on behalf of the

participants in open-market purchases. If the Plan Agents are unable to invest the full dividend amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agents will invest any un-invested portion in newly issued shares.

Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by each Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of

dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends or distributions.

Each Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, each Fund reserves the right to amend the Plan to include a service charge payable by the participants. Participants that request a sale of shares through Computershare Trust Company, N.A. are subject to a \$2.50 sales fee and a \$0.15 per share sold brokerage commission. Participants that request a sale of shares through Computershare Trust Company, N. A., P. O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1BFM or overnight correspondence should be directed to the Plan Agent at 250 Royall Street, Canton, MA 02021 for shareholders of BHL, DVF, FRA, and BLW.

90 ANNUAL REPORT

AUGUST 31, 2010

Officers and Directors

| Name, Address and Year of Birth | Position(s) Held with Funds | Length of Time Served as a Director ² | Principal Occupation(s) During Past Five Years | Number of BlackRock-Advised Funds and Portfolios Overseen | |
|---|--|--|--|---|--|
| | | | | Public Directorships | Public Directorships |
| Non-Interested Directors¹ | | | | | |
| Richard E. Cavanagh 55 East 52nd Street New York, NY 10055 1946 | Chairman of the Board and Director | Since 2007 | Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007. | 100 Funds 98 Portfolios | Arch Chemical (chemical and allied products) |
| Karen P. Robards 55 East 52nd Street New York, NY 10055 1950 | Vice Chair of the Board, Chair of the Audit Committee and Director | Since 2007 | Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development, (a not-for-profit organization) since 1987; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Director of Enable Medical Corp. from 1996 to 2005; Investment Banker at Morgan Stanley from 1976 to 1987. | 100 Funds 98 Portfolios | AtriCure, Inc. (medical devices) |
| Frank J. Fabozzi 55 East 52nd Street New York, NY 10055 1948 | Director and Member of the Audit Committee | Since 2007 | Consultant/Editor of The Journal of Portfolio Management since 2006; Professor in the Practice of Finance and Becton Fellow, Yale University, School of Management, since 2006; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006. | 100 Funds 98 Portfolios | None |
| Kathleen F. Feldstein 55 East 52nd Street New York, NY 10055 1941 | Director | Since 2007 | President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners | 100 Funds 98 Portfolios | The McClatchy Company (publishing); Knight Ridder |

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| | | | | | |
|---|-------------------------------|-------|---|---------------|---|
| | | | HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009. | | (publishing) |
| James T. Flynn | Director and | Since | Chief Financial Officer of JP Morgan & Co., Inc. from 1990 to 1995. | 100 Funds | None |
| 55 East 52nd Street New York, NY 10055 1939 | Member of the Audit Committee | 2007 | | 98 Portfolios | |
| Jerrold B. Harris | Director | Since | Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999. | 100 Funds | BlackRock Kelso |
| 55 East 52nd Street New York, NY 10055 1942 | | 2007 | | 98 Portfolios | Capital Corp. (business development company) |

ANNUAL REPORT

AUGUST 31, 2010

91

Officers and Directors (continued)

| Name, Address and Year of Birth | Position(s) Held with Funds | Length of Time Served as a Director ² | Principal Occupation(s) During Past Five Years | Number of | |
|--|--|--|---|---|---|
| | | | | BlackRock- Advised Funds and Portfolios | Public Directorships |
| Non-Interested Directors¹ (concluded) | | | | | |
| R. Glenn Hubbard 55 East 52nd Street New York, NY 10055 1958 | Director | Since 2007 | Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director of Columbia Business School's Entrepreneurship Program from 1997 to 2004; Chairman, U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003; Chairman, Economic Policy Committee of the OECD from 2001 to 2003. | 100 Funds 98 Portfolios | ADP (data and information services); KKR Financial Corporation (finance); Metropolitan Life Insurance Company (insurance) |
| W. Carl Kester 55 East 52nd Street New York, NY 10055 1951 | Director and Member of the Audit Committee | Since 2007 | George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs from 2006 to 2010; Unit Head, Finance, Harvard Business School from 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program of Harvard Business School from 1999 to 2005; Member of the faculty of Harvard Business School since 1981; Independent Consultant since 1978. | 100 Funds 98 Portfolios | None |

¹ Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

² Date shown is the earliest date a person has served for the Funds covered by this annual report. Following the combination of Merrill Lynch Investment Managers, L.P. (MLIM) and BlackRock, Inc. (BlackRock) in September 2006, the various legacy MLIM and legacy BlackRock Fund boards were realigned and consolidated into three new Fund boards in 2007. As a result, although the chart shows directors as joining the Funds board in 2007, each director first became a member of the board of other legacy MLIM or legacy BlackRock Funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995; and Karen P. Robards, 1998.

**Interested
Directors³**

| | | | | | |
|--|----------|------------|--|--------------------------------|------|
| Richard S. Davis | Director | Since 2007 | Managing Director, BlackRock, Inc. since 2005; Chief Executive Officer, State Street Research & Management Company from 2000 to 2005; Chairman of the Board of Trustees, State Street Research Mutual Funds from 2000 to 2005. | 170 Funds 291 Portfolios | None |
| 55 East 52nd Street New York, NY 10055 1945 | | | | | |
| Henry Gabbay | Director | Since 2007 | Consultant, BlackRock, Inc. from 2007 to 2008; Managing Director, BlackRock, Inc. from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006. | 170 Funds 291 Portfolios | None |
| 55 East 52nd Street New York, NY 10055 1947 | | | | | |

³ Mr. Davis is an interested person, as defined in the Investment Company Act of 1940, of the Funds based on his position with BlackRock, Inc. and its affiliates. Mr. Gabbay is an interested person of the Funds based on his former positions with BlackRock, Inc. and its affiliates as well as his ownership of BlackRock, Inc. and The PNC Financial Services Group, Inc. securities. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

92 ANNUAL REPORT

AUGUST 31, 2010

Officers and Directors (concluded)

| Name, Address and Year of Birth | Position(s) Held with Funds | Length of Time Served | Principal Occupation(s) During Past 5 Years |
|--|---------------------------------------|------------------------------|---|
| Officers¹ | | | |
| Anne Ackerley 55 East 52nd Street New York, NY 10055 1962 | President and Chief Executive Officer | Since 2009 ² | Managing Director of BlackRock, Inc. since 2000; Vice President of the BlackRock-advised funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group (GCG) since 2009; Chief Operating Officer of BlackRock's US Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006. |
| Brendan Kyne 55 East 52nd Street New York, NY 10055 1977 | Vice President | Since 2009 | Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Product Development and Management for BlackRock's US Retail Group since 2009, Co-head thereof from 2007 to 2009; Vice President of BlackRock, Inc. from 2005 to 2008. |
| Neal Andrews 55 East 52nd Street New York, NY 10055 1966 | Chief Financial Officer | Since 2007 | Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (US) Inc. from 1992 to 2006. |
| Jay Fife 55 East 52nd Street New York, NY 10055 1970 | Treasurer | Since 2007 | Managing Director of BlackRock, Inc. since 2007 and Director in 2006; Assistant Treasurer of the Merrill Lynch Investment Managers, L.P. (MLIM) and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006. |
| Brian Kindelan 55 East 52nd Street New York, NY 10055 1959 | Chief Compliance Officer | Since 2007 | Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock, Inc. since 2005. |
| Howard Surloff 55 East 52nd Street | Secretary | Since 2007 | Managing Director and General Counsel of US Funds at BlackRock, Inc. since 2006; General Counsel (US) of Goldman Sachs Asset Management, L.P. from 1993 to 2006. |

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New York, NY
10055
1965

¹ Officers of the Funds serve at the pleasure of the Boards.

² Ms. Ackerley has been President and Chief Executive Officer since 2009 and was Vice President from 2007 to 2009.

| Investment Advisor | Custodians | Transfer Agent | Accounting Agent | Legal Counsel |
|---|---|--|---|--|
| BlackRock Advisors, LLC Wilmington, DE 19809 | State Street Bank and Trust Company ³ Boston, MA 02111 | Common Shares Computershare Trust Company, N.A. ³ Providence, RI 02940 | State Street Bank and Trust Company Princeton, NJ 08540 | Skadden, Arps, Slate, Meagher & Flom LLP New York, NY 10036 |
| Sub-Advisor | | | Independent Registered | Address of the Funds |
| BlackRock Financial Management, Inc. New York, NY 10055 | The Bank of New York Mellon ⁴ New York, NY 10286 | BNY Mellon Shareowner Services ⁴ Jersey City, NJ 07310 | Public Accounting Firm Deloitte & Touche LLP Princeton, NJ 08540 | 100 Bellevue Parkway Wilmington, DE 19809 |

³ For BHL, DVF, FRA, and BLW.

⁴ For Senior Floating Rate and Senior Floating Rate II.

ANNUAL REPORT

AUGUST 31, 2010

93

Additional Information

Fund Certification

Certain Funds are listed for trading on the New York Stock Exchange (NYSE) and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE s listing standards. The

Funds filed with the Securities and Exchange Commission (SEC) the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Dividend Policy

The Funds dividend policy is to distribute all or a portion of their net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to

net investment income earned in that month. As a result, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund s offerings and the information contained in each Fund s Statement of Additional Information may have become outdated.

During the period, there were no material changes in the Funds investment objectives or policies or to the Funds charter or by-laws that would delay or prevent a change of control of the Funds that were not approved by shareholders or in the principal risk factors associated with investment in the Funds. Changes regarding the persons who are primarily responsible for the day-to-day management for the Funds portfolios are noted in the boxed text below.

Quarterly performance, semi-annual and annual reports and other information regarding the Funds may be found on BlackRock s website, which can be accessed at <http://www.blackrock.com>. This reference to BlackRock s website is intended to allow investors public access to information regard-

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ing the Funds and does not, and is not intended to, incorporate BlackRock's website into this report.

Electronic Delivery

Electronic copies of most financial reports are available on the Funds' websites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds' electronic delivery program.

Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 441-7762.

Availability of Quarterly Schedule of Investments

Each Fund/Master LLC files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' /Master LLC's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Fund's /Master LLC's Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that each Fund/Master LLC uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Funds/Master LLC voted proxies relating to securities held in each Fund's /Master LLC's portfolio during the most

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recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

94 ANNUAL REPORT

AUGUST 31, 2010

Additional Information (concluded)

Section 19(a) Notices

These reported amounts and sources of distributions are estimates and are not provided for tax reporting purposes. The actual amounts and sources for tax reporting purposes will depend upon each Fund's investment results during the year and may be subject to changes based on tax regulations. Each Fund will provide a Form 1099-DIV for the calendar year that will explain the character of these dividends and distributions for federal income tax purposes.

August 31, 2010

| | Total Cumulative Distributions for the Fiscal Year-to-Date | | | % Breakdown of the Total Cumulative Distributions for the Fiscal Year-to-Date | | | | |
|-----|--|------------------------|-------------------|---|------------------------|-------------------|------------------------|------------------------|
| | Net Investment Income | Net | | Total Per Common Share | Net | | | Total Per Common Share |
| | | Realized Capital Gains | Return of Capital | | Realized Capital Gains | Return of Capital | Total Per Common Share | |
| | | | | | | | | |
| BHL | \$0.696000 | | | \$0.696000 | 100% | | | 100% |
| DVF | \$0.759740 | | \$0.092260 | \$0.852000 | 89% | | 11% | 100% |
| FRA | \$0.864072 | | \$0.100428 | \$0.964500 | 90% | | 10% | 100% |
| BLW | \$0.900000 | | | \$0.900000 | 100% | | | 100% |

Each Fund estimates that it has distributed more than the amount of earned income and net realized gains; therefore, a portion of the distribution may be

a return of capital. A return of capital may occur, for example, when some or all of the shareholder's investment in a Fund is returned to the shareholder.

A return of capital does not necessarily reflect a Fund's investment performance and should not be confused with yield or income.

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

ANNUAL REPORT

AUGUST 31, 2010

95

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Fund unless accompanied or preceded by the Fund's current prospectus. Past performance results shown in this report should not be considered a representation of future performance. Investment returns and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Statements and other information herein are as dated and are subject to change.

Item 2 Code of Ethics The registrant (or the Fund) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at www.blackrock.com.

Item 3 Audit Committee Financial Expert The registrant's board of directors or trustees, as applicable (the board of directors), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Kent Dixon (retired effective December 31, 2009)

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

The registrant's board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester's financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

Item 4 Principal Accountant Fees and Services

| Entity Name | (a) Audit Fees | | (b) Audit-Related Fees ¹ | | (c) Tax Fees ² | | (d) All Other Fees ³ | |
|-----------------------|----------------|-------------|-------------------------------------|-------------|---------------------------|-------------|---------------------------------|-------------|
| | Current | Previous | Current | Previous | Current | Previous | Current | Previous |
| | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year |
| | End | End | End | End | End | End | End | End |
| BlackRock Floating | | | | | | | | |
| Rate Income | \$49,300 | \$49,300 | \$0 | \$0 | \$6,100 | \$6,100 | \$0 | \$1,028 |
| Strategies Fund, Inc. | | | | | | | | |

1 The nature of the services include assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

2 The nature of the services include tax compliance, tax advice and tax planning.

3 The nature of the services include a review of compliance procedures and attestation thereto.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The registrant's audit committee (the Committee) has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the registrant's affiliated service providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC's auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis (general pre-approval). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operation or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) Affiliates Aggregate Non-Audit Fees:

| Entity Name | Current Fiscal Year | Previous Fiscal Year |
|--|---------------------|----------------------|
| | End | End |
| BlackRock Floating Rate Income Strategies Fund, Inc. | \$16,877 | \$409,628 |

(h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the registrant's investment adviser (not including any non-affiliated sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Regulation S-X Rule 2-01(c)(7)(ii) \$10,777, 0%

Item 5 Audit Committee of Listed Registrants

(a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Kent Dixon (retired effective December 31, 2009)

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

(b) Not Applicable

Item 6 Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies The board of directors has delegated the voting of proxies for the Fund securities to the Fund's investment adviser (Investment Adviser) pursuant to the Investment Adviser's proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund's stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the Oversight Committee) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser's Portfolio Management Group and/or the Investment Adviser's Legal

and Compliance Department and concluding that the vote cast is in its client's best interest

notwithstanding the conflict. A copy of the Fund's Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at www.blackrock.com and (ii) on the SEC's website at <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies as of August 31, 2010.

(a)(1) The registrant (or Fund) is managed by a team of investment professionals comprised of Leland Hart, Managing Director at BlackRock, Inc. and C. Adrian Marshall, Director at BlackRock, Inc. Messrs. Hart and Marshall are the Fund's co-portfolio managers and are responsible for the day-to-day management of the Fund's portfolio and the selection of its investments. Messrs. Hart and Marshall have been members of the Fund's portfolio management team since 2009.

Portfolio Manager

Biography

Leland Hart

Managing Director of BlackRock, Inc. since 2009; Partner of R3 Capital Partners ("R3") in 2009; Managing Director of R3 in 2008 - 2009; Managing Director of Lehman Brothers from 2006 - 2008; Executive Director of Lehman Brothers from 2003 - 2006.

C. Adrian Marshall

Director of BlackRock, Inc. since 2007; Vice President of BlackRock, Inc. from 2004 - 2007.

(a)(2) As of August 31, 2010:

| (i) Name of Portfolio Manager | (ii) Number of Other Accounts Managed and Assets by Account Type | | | (iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based | | |
|-------------------------------|--|----------------------------------|----------------------|---|----------------------------------|----------------|
| | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
| | Leland Hart | 10 \$2.52 Billion | 1 \$3.88 Million | 0 \$0 | 0 \$0 | 0 \$0 |
| C. Adrian Marshall | 10 \$2.52 Billion | 16 \$4.71 Billion | 5 \$572.5 Million | 0 \$0 | 10 \$3.86 Billion | 0 \$0 |

(iv) Potential Material Conflicts of Interest

BlackRock, Inc., individually and together with its affiliates (BlackRock), has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all

client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the

Fund. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, stockholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, stockholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Each portfolio manager also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. In this connection, it should be noted that Mr. Marshall currently manages certain accounts that are subject to performance fees. In addition, a portfolio manager may assist in managing certain hedge funds and may be entitled to receive a portion of any incentive fees earned on such funds and a portion of such incentive fees may be voluntarily or involuntarily deferred. Additional portfolio managers may in the future manage other such accounts or funds and may be entitled to receive incentive fees.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted a policy that is intended to ensure that investment opportunities are allocated fairly and equitably among client accounts over time. This policy also seeks to achieve reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base.

(a)(3) As of August 31, 2010:

Portfolio Manager Compensation Overview

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock such as its Long-Term Retention and Incentive Plan and Restricted Stock Program.

Base compensation. Generally, portfolio managers receive base compensation based on their seniority and/or their position with the firm. Senior portfolio managers who perform additional management functions within the portfolio management group or within BlackRock may receive additional compensation for serving in these other capacities.

Discretionary Incentive Compensation

Discretionary incentive compensation is a function of several components: the performance

of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock,
the investment performance, including risk-adjusted returns, of the firm's assets under

management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's seniority, role within the portfolio management team, teamwork and contribution to the overall performance of these portfolios and BlackRock. In most cases, including for the portfolio managers of the Fund, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the portfolio managers are measured. BlackRock's Chief Investment Officers determine the benchmarks against which the performance of funds and other accounts managed by each portfolio manager is compared and the period of time over which performance is evaluated. With respect to the portfolio managers, such benchmarks include a combination of market-based indices (e.g., CSFB Leveraged Loan Index, CSFB High Yield II Value Index), certain customized indices and certain fund industry peer groups.

BlackRock's Chief Investment Officers make a subjective determination with respect to the portfolio managers' compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks noted above.

Performance is measured on both a pre-tax and after-tax basis over various time periods including 1, 3, 5 and 10-year periods, as applicable.

Distribution of Discretionary Incentive Compensation

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. The BlackRock, Inc. restricted stock units, if properly vested, will be settled in BlackRock, Inc. common stock. Typically, the cash bonus, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of annual bonuses in stock puts compensation earned by a portfolio manager for a given year at risk based on BlackRock's ability to sustain and improve its performance over future periods.

Long-Term Retention and Incentive Plan (LTIP) From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Hart and Marshall have each received awards under the LTIP.

Deferred Compensation Program A portion of the compensation paid to eligible BlackRock employees may be voluntarily deferred into an account that tracks the performance of certain of the firm's investment products. Each participant in the deferred compensation program is permitted to allocate his deferred amounts among the various investment options. Mr. Marshall has participated in the deferred compensation program.

Other compensation benefits. In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

Incentive Savings Plans BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a

company match equal to 50% of the first 6% of eligible pay contributed to the plan capped at \$4,000 per year, and a company retirement contribution equal to 3-5% of eligible

compensation. The RSP offers a range of investment options, including registered investment companies managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent employee investment direction, are invested into a balanced portfolio. The ESPP allows for investment in BlackRock common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares or a dollar value of \$25,000. Each portfolio manager is eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of August 31, 2010.

| Portfolio Manager | Dollar Range of Equity Securities of the Fund Beneficially Owned |
|--------------------------|---|
| Leland Hart | None |
| C. Adrian Marshall | None |

(b) Not Applicable

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers Not Applicable due to no such purchases during the period covered by this report.

Item 10 Submission of Matters to a Vote of Security Holders On September 17, 2010, the Board of Directors of the Fund amended and restated in its entirety the bylaws of the Fund (the Amended and Restated Bylaws). The Amended and Restated Bylaws were deemed effective as of September 17, 2010 and set forth, among other things, the processes and procedures that shareholders of the Fund must follow, and specifies additional information that shareholders of the Fund must provide, when proposing director nominations at any annual meeting or special meeting in lieu of an annual meeting or other business to be considered at an annual meeting or special meeting.

Item 11 Controls and Procedures

11(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.

11(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 second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 Exhibits attached hereto

12(a)(1) Code of Ethics See Item 2

12(a)(2) Certifications Attached hereto

12(a)(3) Not Applicable

12(b) 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 Floating Rate Income Strategies Fund, Inc.

By: /s/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer of

BlackRock Floating Rate Income Strategies Fund, Inc.

Date: November 5, 2010

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/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer (principal executive officer) of

BlackRock Floating Rate Income Strategies Fund, Inc.

Date: November 5, 2010

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock Floating Rate Income Strategies Fund, Inc.

Date: November 5, 2010
