

Edgar Filing: PREFERRED INCOME STRATEGIES FUND INC - Form N-Q

PREFERRED INCOME STRATEGIES FUND INC

Form N-Q

April 02, 2007

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY

Investment Company Act File number 811-21286

Name of Fund: BlackRock Preferred Income Strategies Fund, Inc.

Fund Address: P.O. Box 9011  
Princeton, NJ 08543-9011

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

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 10/31/2007

Date of reporting period: 11/01/06 - 01/31/07

Item 1 - Schedule of Investments

BlackRock Preferred Income Strategies Fund, Inc.  
Schedule of Investments as of January 31, 2007 (in U.S. dollars)

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Preferred Securities  
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Industry	Face Amount	Capital Trusts
Commercial Banks - 12.2%	\$ 12,035,000	ABN AMRO North America Holding Preferred Capital Trust I, 6.523% (a) (b) (c)
	2,000,000	Bank One Capital III, 8.75% due 9/01/2030
	16,455,000	Chase Capital II Series B, 5.871% due 2/01/2030
	3,630,000	First Empire Capital Trust II, 8.277% due 6/01/2030
	2,000,000	HSBC America Capital Trust I, 7.808% due 12/15/2030
	15,835,000	HSBC Capital Funding LP/Jersey Channel Island Trust I, 10.176% (a) (b) (c)
	7,300,000	HSBC Finance Capital Trust IX, 5.911% due 11/15/2030
	12,275,000	Hubco Capital Trust II Series B, 7.65% due 6/01/2030
	998,000	JPM Capital Trust I, 7.54% due 1/15/2027
	2,000,000	Lloyds TSB Bank Plc, 6.90% (c)
	18,470,000	Nationsbank Capital Trust III, 5.91% due 1/15/2030
	2,000,000	Republic New York Corp., 7.53% due 12/04/2026
	4,500,000	ST George Funding Co. LLC, 8.485% (a) (c)

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4,175,000 SunTrust Preferred Capital I, 5.853% (b) (c)

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Consumer Finance - 2.2%	13,670,000	Capital One Capital III, 7.686% due 8/15/2036
	4,630,000	MBNA Capital A, 8.278% due 12/01/2026

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Diversified Financial Services - 4.0%	15,000,000	AgFirst Farm Credit Bank, 8.393% due 12/15/20
	10,000,000	CIT Capital Trust I, 7.70% due 2/15/2027
	9,000,000	Farm Credit Bank of Texas Series 1, 7.561% (b)

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Electric Utilities - 2.2%	14,950,000	HL&P Capital Trust II Series B, 8.257% due 2/
	5,000,000	SWEPCO Capital I, 5.25% due 10/01/2043 (b)

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Gas Utilities - 0.6%	5,000,000	AGL Capital Trust I Series B, 8.17% due 6/01/
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Insurance - 15.5%	12,175,000	AON Corp., 8.205% due 1/01/2027
	23,725,000	AXA, 8.60% due 12/15/2030 (Surplus Notes)
	21,300,000	Ace Capital Trust II, 9.70% due 4/01/2030
	15,000,000	Farmers Exchange Capital, 7.05% due 7/15/2028
	10,000,000	GE Global Insurance Holding Corp., 7.75% due
	1,000,000	GenAmerica Capital I, 8.525% due 6/30/2027 (a)
	3,000,000	Genworth Financial, Inc., 6.15% due 11/15/206
	6,066,000	ING Capital Funding Trust III, 8.439% (b) (c)
	3,605,000	Oil Casualty Insurance Ltd., 8% due 9/15/2034
	6,325,000	Principal Life Insurance Co., 8% due 3/01/204
		(Surplus Notes) (a)
	3,750,000	Zenith National Insurance Capital Trust I, 8.
		due 8/01/2028 (a)
	15,600,000	Zurich Capital Trust I, 8.376% due 6/01/2037

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Multi-Utilities - 3.1%	10,000,000	Dominion Resources Capital Trust I, 7.83% due
	15,000,000	Dominion Resources Capital Trust III, 8.40% d

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Road & Rail - 0.4%	3,750,000	BNSF Funding Trust I, 6.613% due 12/15/2055 (
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Thrifts & Mortgage Finance - 4.3%	1,000,000	Astoria Capital Trust I, 9.75% due 11/01/2029
	5,000,000	Astoria Capital Trust I Series B, 9.75% due 1
	5,760,000	Dime Capital Trust I Series A, 9.33% due 5/06
	12,765,000	Greenpoint Capital Trust I, 9.10% due 6/01/20
	3,005,000	ML Capital Trust I, 9.875% due 3/01/2027

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### Preferred Securities

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	Face	
Industry	Amount	Capital Trusts

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\$ 9,775,000 Webster Capital Trust I, 9.36% due 1/29/2027

Total Capital Trusts (Cost - \$397,542,242) -

	Shares Held	Preferred Stocks
Capital Markets - 6.3%	7,600,000	Ameriprise Financial, Inc., 7.518% (b)
	510,000	Deutsche Bank Capital Funding Trust VIII, 6.3%
	96,000	Goldman Sachs Group, Inc. Series A, 3.91% (b)
	720,000	Goldman Sachs Group, Inc. Series D, 6.03% (b)
	600,000	Lehman Brothers Holdings, Inc., 6.50%
Commercial Banks - 12.1%	4,000,000	Barclays Bank Plc, 6.278% (b)
	4,650	First Tennessee Bank NA, 3.90% (a) (b)
	5,000,000	HBOS Plc, 5.92% (a) (b)
	8,000,000	ICICI Bank Ltd., 7.25% (a)
	319,000	KeyCorp Capital IX, 6.75%
	166,800	Provident Financial Group, Inc., 7.75%
	20,000,000	Resona Preferred Global Securities Ltd., 7.19%
	4,800,000	Royal Bank of Scotland Group Plc, 9.118%
	23,000	SG Preferred Capital II, 6.302% (b)
	800,000	Santander Finance Preferred SA Unipersonal, 6%
	250,000	Santander Finance Preferred SA Unipersonal, 6%
Diversified Financial Services - 8.1%	152,400	Bank of America Corp. Series D, 6.20%
	636,075	Bank of America Corp. Series E, 5.718% (b)
	655,000	CIT Group, Inc. Series A, 6.35%
	272,000	Cobank ACB, 7% (a)
	22,900,000	JPMorgan Chase Capital XXI Series U, 6.25% (b)
Electric Utilities - 2.6%	14,000	Alabama Power Co., 5.83%
	114,400	Entergy Arkansas, Inc., 6.45%
	89,850	Entergy Louisiana LLC, 6.95%
	80,000	Interstate Power & Light Co. Series B, 8.375%
	204,000	PPL Electric Utilities Corp., 6.25%
	140,000	Pacific Gas & Electric Co. Series A, 6%
Gas Utilities - 1.5%	556,000	Southern Union Co., 7.55%
Insurance - 13.8%	880,000	ACE Ltd. Series C, 7.80%
	5,950,000	AXA SA, 6.379% (a) (b)
	100,000	Aegon NV Series 1, 6.235% (b)
	165,000	Aspen Insurance Holdings Ltd., 7.401% (b)
	140,000	Axis Capital Holdings Ltd. Series A, 7.25%
	36,000	Axis Capital Holdings Ltd. Series B, 7.50% (b)
	139,200	Endurance Specialty Holdings Ltd. Series A, 7%
	6,930,000	Financial Security Assurance Holdings Ltd., 6%

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7,500,000	Great West Life & Annuity Insurance Co., 7.15%
10,425,000	Metlife, Inc., 6.40%
493,000	Metlife, Inc. Series B, 6.50%
5,000,000	Oil Insurance Ltd., 7.558% (a) (b)
5,700,000	PartnerRe Finance II, 6.44% due 12/01/2066 (b)
140,000	Prudential Plc, 6.50%
660,000	RenaissanceRe Holding Ltd. Series D, 6.60%

BlackRock Preferred Income Strategies Fund, Inc.  
 Schedule of Investments as of January 31, 2007

(in U.S. dollars)

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 Preferred Securities  
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Industry	Shares Held	Preferred Stocks
	9,800	Zurich RegCaPS Funding Trust, 6.58% (a) (b)
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Multi-Utilities - 1.0%	8,400,000	Dominion Resources, Inc., 7.50% (b)
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Oil, Gas & Consumable Fuels - 0.8%	7,225,000	Enterprise Products Operating LP, 8.375% (b)
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Thrifts & Mortgage Finance - 12.9%	264,650	Fannie Mae Series L, 5.125%
	1,210,000	Fannie Mae Series O, 7% (b)
	190,000	Freddie Mac Series Q, 3.85% (b)
	105,000	Freddie Mac Series T, 6.42%
	695,000	Freddie Mac Series V, 5.57%
	8,000,000	Roslyn Real Estate Asset Corp. Series D, 9.02%
	48,000	Sovereign Bancorp, Inc. Series C, 7.30% (d)
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Wireless Telecommunication Services - 0.3%	2,423	Centaur Funding Corp., 9.08% (a)

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 Total Preferred Stocks (Cost - \$533,201,821)  
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Real Estate Investment Trusts  
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Real Estate - 15.3%	251,400	Alexandria Real Estate Equities, Inc. Series
	400,000	CBL & Associates Properties, Inc. Series C, 7
	400,000	Developers Diversified Realty Corp., 8%
	80,000	Duke Realty Corp. Series K, 6.50%
	2,390	First Industrial Realty Trust, Inc., 6.236% (
	4,000	Firststar Realty LLC, 8.875% (a)
	448,000	Health Care Property Investors, Inc. Series F
	172,800	Health Care REIT, Inc. Series F, 7.625%
	100,000	Kimco Realty Corp. Series F, 6.65%
	1,200,000	New Plan Excel Realty Trust Series E, 7.625%

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72,000	PS Business Parks, Inc. Series K, 7.95%
64,000	PS Business Parks, Inc. Series M, 7.20%
160,000	Public Storage, Inc. Series I, 7.25%
445,000	Public Storage, Inc. Series L, 6.75%
607,550	Regency Centers Corp. Series C, 7.45%
58,000	Regency Centers Corp. Series D, 7.25%
11,857	Sovereign Real Estate Investment Corp., 12%

Total Real Estate Investment Trusts  
(Cost - \$135,673,035) - 15.3%

	Face Amount	Trust Preferreds
Capital Markets - 0.1%	\$ 875,000	Lehman Brothers Holdings Capital Trust III Se due 3/15/2052
Commercial Banks - 0.3%	2,790,000	National City Capital Trust II, 6.625% due 11
Communications Equipment - 0.2%	2,000,000	Corporate-Backed Trust Certificates, 8.375% d
Consumer Finance - 1.9%	16,702,000	Capital One Capital II, 7.50% due 6/15/2066
Electric Utilities - 2.7%	4,750,000	Georgia Power Co. Series O, 1.475% due 4/15/2
	3,000,000	HECO Capital Trust III, 6.50% due 3/18/2034
	5,000,000	National Rural Utilities Cooperative Finance due 2/15/2043
	10,835,000	PPL Energy Supply LLC, 7% due 7/15/2046
	950,000	Virginia Power Capital Trust II, 1.844% due 7

BlackRock Preferred Income Strategies Fund, Inc.  
Schedule of Investments as of January 31, 2007

(in U.S. dollars)

Preferred Securities

Industry	Face Amount	Trust Preferreds
Gas Utilities - 0.7%	\$ 500,000	Dominion CNG Capital Trust I, 1.95% due 10/31
	5,750,000	Southwest Gas Capital II, 7.70% due 9/15/2043
Insurance - 2.7%	11,000,000	ABN AMRO North America Capital Funding Trust 5.445% (a) (b) (c)
	7,375,000	Berkley W R Capital Trust, 6.75% due 7/26/204
	1,000,000	Everest Re Capital Trust, 1.963% due 11/15/20
	5,000,000	Lincoln National Capital VI Series F, 6.75% d

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Multi-Utilities - 0.1%	397,425	PSEG Funding Trust II, 8.75% due 12/31/2032
Thrifts & Mortgage Finance - 4.2%	4,580,000	Countrywide Capital V, 7% due 11/01/2066
	28,362,500	Countrywide Financial Corp., 1.50% due 4/01/2034
	6,000,000	Dime Community Capital I, 7% due 4/14/2034
Total Trust Preferreds (Cost - \$116,433,132)		
Total Preferred Securities (Cost - \$1,182,850,230) - 132.1%		
Corporate Bonds		
Automobiles - 2.1%	16,000,000	DaimlerChrysler NA Holding Corp., 8.50% due 11/01/2031
Diversified Financial Services - 1.6%	15,000,000	Sigma Finance Corp., 7.36% due 8/15/2011 (e)
Diversified Telecommunication Services - 3.6%	25,500,000	France Telecom SA, 8.50% due 3/01/2031
Electric Utilities - 3.3%	16,575,000	Duke Energy Field Services LLC, 8.125% due 8/15/2031
	10,000,000	FirstEnergy Corp. Series B, 6.45% due 11/15/2031
Media - 3.4%	5,000,000	Comcast Corp., 7.05% due 3/15/2033
	5,000,000	Time Warner, Inc., 7.625% due 4/15/2031
	18,000,000	Time Warner, Inc., 7.70% due 5/01/2032
Wireless Telecommunication Services - 5.9%	18,000,000	AT&T Wireless Services, Inc., 8.75% due 3/01/2032
	2,000,000	Sprint Capital Corp., 6.90% due 5/01/2019
	24,000,000	Sprint Capital Corp., 8.75% due 3/15/2032
Total Corporate Bonds (Cost - \$173,443,756)		
Beneficial Interest Short-Term Securities		
	\$ 80,212,578	BlackRock Liquidity Series, LLC Cash Sweep Series 2019, 5.29% (f) (g)
Total Short-Term Securities (Cost - \$80,212,578) - 8.8%		
Total Investments (Cost - \$1,436,506,564*) -		
Liabilities in Excess of Other Assets - (0.8%)		
Preferred Stock, at Redemption Value - (60.0%)		

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Net Assets Applicable to Common Stock - 100.0

BlackRock Preferred Income Strategies Fund, Inc.  
 Schedule of Investments as of January 31, 2007 (in U.S. dollars)

\* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2007, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 1,434,760,875
	=====
Gross unrealized appreciation	\$ 53,594,898
Gross unrealized depreciation	(12,110,880)
	-----
Net unrealized appreciation	\$ 41,484,018
	=====

- (a) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (b) Floating rate security.
- (c) The security is a perpetual bond and has no stated maturity date.
- (d) Depositary receipts.
- (e) Restricted security as to resale, representing 1.6% of net assets, was as follows:

Issue	Acquisition Date	Cost	V
Sigma Finance Corp., 7.36% due 8/15/2011	2/13/2004	\$ 15,000,000	\$ 15,

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

Affiliate	Net Activity
BlackRock Liquidity Series, LLC Cash Sweep Series	\$ 59,671,077

- (g) Represents the current yield as of January 31, 2007.
- o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets.

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- o Financial futures contracts sold as of January 31, 2007 were as follows:

Number of Contracts	Issue	Expiration Date	F V
2,558	10-Year U.S. Treasury Notes	March 2007	\$ 277
509	30-Year U.S. Treasury notes	March 2007	\$ 57
Total Unrealized Appreciation			

- o Swaps outstanding as of January 31, 2007 were as follows:

	Notional Amount
Sold credit default protection on a basket of preferred securities and receive 2.03%	
Broker, Lehman Brothers Special Finance Expires September 2007	\$ 36,000,000
Pay a fixed rate of 5.132% and receive a floating rate based on 3-month LIBOR	
Broker, JPMorgan Chase Expires September 2016	\$ 125,000,000
Total	

### Item 2 - Controls and Procedures

- 2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
- 2(b) - As of September 29, 2006, with the conclusion of the combination of Merrill Lynch's asset management business with BlackRock, the registrant was migrated to BlackRock's trading and compliance monitoring systems, and various personnel changes occurred. In conjunction with these business improvements, there were no changes in the registrants internal control over financial reporting (as defined in Rule 30a-3(d) under Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal half-year of the period covered by this report that has materially affected, or is



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reasonably likely to affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

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

BlackRock Preferred Income Strategies Fund, Inc.

By: /s/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.  
Chief Executive Officer  
BlackRock Preferred Income Strategies Fund, Inc.

Date: March 26, 2007

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/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.  
Chief Executive Officer  
BlackRock Preferred Income Strategies Fund, Inc.

Date: March 26, 2007

By: /s/ Donald C. Burke

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

Date: March 26, 2007