

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

BLACKROCK PREFERRED INCOME STRATEGIES FUND, INC.

Form N-Q

March 28, 2008

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21286

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 10/31/2008

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

Item 1 - Schedule of Investments

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

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

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

BlackRock Preferred Income Strategies Fund, Inc.

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

(in U.S. dollars)

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



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

Corporate Bonds

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

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

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

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Services - 8.2%	11,600,000	Citigroup, Inc., 8.30% due 12/21/2077 (d)
	23,000,000	JPMorgan Chase Capital XXV, 6.80% due 10/01/2037
-----		
Electric Utilities - 3.4%	792,000	Duke Energy Carolinas LLC, 5.25% due 1/15/2018
	16,575,000	Duke Energy Field Services LLC, 8.125% due 8/16/2030
	5,925,000	PPL Capital Funding, 6.70% due 3/30/2067 (d)
	385,000	Southern California Edison Co. Series 08-A, 5.95% due 2/0
-----		
Gas Utilities - 1.9%	14,400,000	Southern Union Co., 7.20% due 11/01/2066 (d)
-----		
Insurance - 23.8%	12,775,000	The Allstate Corp., 6.50% due 5/15/2057 (d)
	10,450,000	The Allstate Corp. Series B, 6.125% due 5/15/2067 (d)
	12,395,000	American International Group, Inc., 6.25% due 3/15/2087
	17,700,000	Chubb Corp., 6.375% due 3/29/2067 (d)
	14,280,000	Everest Reinsurance Holdings, Inc., 6.60% due 5/01/2067 (d)
	7,500,000	Great West Life & Annuity Insurance Co., 7.153% due 5/16/
	10,150,000	Liberty Mutual Group, Inc., 7% due 3/15/2037 (d) (g)
	12,000,000	Lincoln National Corp., 7% due 5/17/2066 (d)
	5,025,000	Lincoln National Corp., 6.05% due 4/20/2067 (d)
	9,675,000	Nationwide Life Global Funding I, 6.75% due 5/15/2067
	5,000,000	Oil Insurance Ltd., 7.558% (d) (f) (g)
	11,650,000	Progressive Corp., 6.70% due 6/15/2037 (d)
	8,525,000	QBE Capital Funding II LP, 6.797% (d) (f) (g)
	3,000,000	Reinsurance Group of America, 6.75% due 12/15/2065 (d)
	585,495	Structured Asset Repackaged Trust Series 2004-1, 5.417% d
	8,875,000	Swiss Re Capital I LP, 6.854% (d) (f) (g)
	22,850,000	The Travelers Cos., Inc., 6.25% due 3/15/2067 (d)
	1,300,000	ZFS Finance (USA) Trust IV, 5.875% due 5/09/2032 (d) (g)
	17,110,000	ZFS Finance (USA) Trust V, 6.50% due 5/09/2067 (d) (g)
-----		
Multi-Utilities - 1.3%	8,400,000	Dominion Resources, Inc., 7.50% due 6/30/2066 (d)
	1,825,000	Puget Sound Energy, Inc. Series A, 6.974% due 6/01/2067 (d)
-----		
Oil, Gas & Consumable Fuels - 1.6%	4,225,000	Enterprise Products Operating LP, 8.375% due 8/01/2066 (d)
	8,300,000	TransCanada PipeLines Ltd., 6.35% due 5/15/2067 (d)
-----		
Thrifts & Mortgage Finance - 0.4%	4,100,000	Washington Mutual Preferred Funding Delaware, 6.534% (d) (g)
-----		
		Total Corporate Bonds (Cost - \$522,015,774) - 65.9%
-----		
		Government & Agency Obligations
-----		
	5,000,000	U.S. Treasury Notes, 4.75% due 2/15/2037
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		Total Government & Agency Obligations (Cost - \$5,323,438)
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BlackRock Preferred Income Strategies Fund, Inc.  
 Schedule of Investments as of January 31, 2008 (Unaudited) (in U.S. dollars)

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

Other Assets Less Liabilities - 2.2%

Preferred Stock, at Redemption Value - (73.4%)

Net Assets Applicable to Common Stock - 100.0%

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

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

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

Affiliate	Net Activity	Dividend Income
-----		
BlackRock Liquidity Series, LLC		
Cash Sweep Series	\$ (54,265,247)	\$746,248
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- o Financial futures contracts purchased as of January 31, 2008 were as follows:

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

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

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

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

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

BlackRock Preferred Income Strategies Fund, Inc.  
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- o Forward credit default swaps entered into as of January 31, 2008 were as follows:

Bought credit default protection on Capital One Financial Corp. and pay 4.175% Broker, Citibank NA	
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Expires March 2013

\$14

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

Item 2 - Controls and Procedures

2(a) - The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

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

BlackRock Preferred Income Strategies Fund, Inc.

By: /s/ Donald C. Burke

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

Date: March 24, 2008

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

By: /s/ Donald C. Burke

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

Date: March 24, 2008

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By: /s/ Neal J. Andrews

-----  
Neal J. Andrews

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

Date: March 24, 2008