

BLACKROCK PREFERRED INCOME STRATEGIES FUND, INC.
Form N-Q
March 31, 2009

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: 10/31/2009

Date of reporting period: 11/01/2008 - 01/31/2009

Item 1 Schedule of Investments

BlackRock Preferred Income Strategies Fund, Inc.

(Percentages shown are based on
Net Assets)

Schedule of Investments January 31, 2009 (Unaudited)

Preferred Securities

| Industry | Capital Trusts | Par (000) | Value |
|---------------------------------|---|--------------|--------------|
| Building Products - 0.6% | C8 Capital SPV Ltd., 6.64% (a)(b)(c) | \$ 3,915 | \$ 1,643,830 |
| Capital Markets - 4.1% | Ameriprise Financial, Inc., 7.518%, 6/01/66 (c) | 7,600 | 4,102,252 |
| | Lehman Brothers Holdings Capital Trust V, 3.0125% (b)(c)(d)(e) | 6,400 | 640 |
| | State Street Capital Trust III, 8.25% (b)(c)(f) | 2,920 | 2,220,280 |
| | State Street Capital Trust IV, 2.996%, 6/01/67 (c) | 12,535 | 4,274,360 |
| | | | 10,597,532 |
| Commercial Banks - 22.9% | ABN AMRO North America Holding Preferred Capital | | |
| | Repackaging Trust I, 6.523% (a)(b)(c)(f) | 12,035 | 8,568,968 |
| | Abbey National Capital Trust I, 8.963% (b)(c) | 2,811 | 1,825,005 |
| | BB&T Capital Trust IV, 6.82%, 6/12/77 (c) | 8,350 | 4,923,294 |

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| | | | |
|--|---|--------|------------|
| | Bank One Capital III, 8.75%, 9/01/30 (f) | 2,000 | 1,841,334 |
| | Bank of Ireland Capital Funding II, LP, 5.571% (a)(b)(c) | 8,065 | 801,500 |
| | Bank of Ireland Capital Funding III, LP, 6.107% (a)(b)(c) | 8,575 | 852,586 |
| | Barclays Bank Plc, 5.926% (a)(b)(c) | 8,500 | 3,652,450 |
| | First Empire Capital Trust II, 8.277%, 6/01/27 | 3,630 | 2,445,313 |
| | HSBC America Capital Trust I, 7.808%, 12/15/26 (a) | 2,000 | 1,594,274 |
| | HSBC Capital Funding LP/Jersey Channel Islands, 10.176% (a)(b)(c)(f) | 4,835 | 4,186,486 |
| | HSBC Finance Capital Trust IX, 5.911%, 11/30/35 (c) | 7,300 | 2,826,560 |
| | Huntington Capital III, 6.65%, 5/15/37 (c) | 2,885 | 1,229,878 |
| | Lloyds Banking Group Plc, 6.657%, 11/21/49 (a)(b)(c) | 5,000 | 944,535 |
| | National City Preferred Capital Trust I, 12% (b)(c) | 1,100 | 988,724 |
| | NationsBank Capital Trust III, 1.644%, 1/15/27 (c) | 13,470 | 6,521,110 |
| | Regions Financing Trust II, 6.625%, 5/15/47 (c) | 3,935 | 2,072,989 |
| | Royal Bank of Scotland Group Plc, 7.648% (b)(c) | 3,930 | 1,139,150 |
| | Royal Bank of Scotland Group Plc, 9.118% (b)(f) | 4,800 | 1,751,904 |
| | SMFG Preferred Capital USD 3 Ltd., 9.50% (a)(b)(c) | 3,550 | 3,377,639 |
| | Standard Chartered Bank, 7.014% (a)(b)(c) | 9,575 | 3,744,313 |
| | SunTrust Preferred Capital I, 5.853% (b)(c) | 2,650 | 1,378,000 |
| | Wells Fargo Capital XIII Series GMTN, 7.70% (b)(c) | 3,525 | 2,527,372 |
| | | | 59,193,384 |
| Consumer Finance - 1.4% | MBNA Capital A, 8.278%, 12/01/26 (f) | 4,630 | 3,551,358 |
| Diversified Financial Services - 6.5% | AgFirst Farm Credit Bank, 8.393%, 12/15/16 (c) | 4,000 | 2,831,168 |
| | Farm Credit Bank of Texas Series 1, 7.561% (b)(c) | 2,500 | 1,274,000 |
| | ING Capital Funding Trust III, 8.439% (b)(c) | 6,066 | 2,731,999 |
| | JPMorgan Chase & Co., 7.90% (b)(c) | 2,175 | 1,653,109 |
| | JPMorgan Chase Capital XXIII, 3.149%, 5/15/77 (c)(g) | 8,375 | 3,353,007 |
| | JPMorgan Chase Capital XXV, 6.80%, 10/01/37 | 6,150 | 4,855,044 |
| | | | 16,698,327 |
| Electric Utilities - 1.3% | PPL Capital Funding, 6.70%, 3/30/67 (c) | 5,925 | 3,258,750 |

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BlackRock Preferred Income Strategies Fund, Inc.

Schedule of Investments January 31, 2009 (Unaudited)

(Percentages shown are based on
Net Assets)

| Industry | Capital Trusts | Par (000) | Value |
|--------------------------|--------------------------------------|--------------|--------------|
| Insurance - 55.1% | AON Corp., 8.205%, 1/01/27 (f) | \$ 10,000 | \$ 6,288,960 |
| | Ace Capital Trust II, 9.70%, 4/01/30 | 11,300 | 9,178,482 |

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| | | | |
|---|--|---------------|-------------|
| | The Allstate Corp., 6.50%, 5/15/57 (c) | 12,775 | 8,247,783 |
| | The Allstate Corp. Series B, 6.125%, 5/15/67 (c) | 10,450 | 6,926,970 |
| | American International Group, Inc., 8.175%, 5/15/58 (a)(c) | 13,925 | 5,168,807 |
| | American International Group, Inc., 6.25%, 3/15/87 | 11,220 | 3,632,475 |
| | Chubb Corp., 6.375%, 3/29/67 (c) | 17,700 | 11,947,411 |
| | Everest Reinsurance Holdings, Inc., 6.60%, 5/01/67 (c) | 14,280 | 5,885,602 |
| | Farmers Exchange Capital, 7.05%, 7/15/28 (a) | 15,000 | 8,740,950 |
| | GE Global Insurance Holding Corp., 7.75%, 6/15/30 (f) | 10,000 | 8,923,670 |
| | Genworth Financial, Inc., 6.15%, 11/15/66 (c) | 3,000 | 507,216 |
| | Liberty Mutual Group, Inc., 7%, 3/15/37 (a)(c) | 10,150 | 4,724,449 |
| | Liberty Mutual Group, Inc., 10.75%, 6/15/88 (a)(c) | 7,925 | 4,755,000 |
| | Lincoln National Corp., 7%, 5/17/66 (c) | 12,000 | 5,544,600 |
| | Lincoln National Corp., 6.05%, 4/20/67 (c) | 5,025 | 2,261,250 |
| | Nationwide Life Global Funding I, 6.75%, 5/15/67 | 9,675 | 4,228,314 |
| | Oil Casualty Insurance Ltd., 8%, 9/15/34 (a) | 3,605 | 2,415,408 |
| | Principal Life Insurance Co., 8%, 3/01/44 (a) | 6,325 | 5,136,963 |
| | Progressive Corp., 6.70%, 6/15/37 (c) | 11,650 | 6,563,389 |
| | Reinsurance Group of America, 6.75%, 12/15/65 (c) | 3,000 | 1,113,765 |
| | Swiss Re Capital I LP, 6.854% (a)(b)(c) | 8,875 | 3,082,829 |
| | The Travelers Cos., Inc., 6.25%, 3/15/67 (c) | 22,850 | 15,076,087 |
| | ZFS Finance (USA) Trust IV, 5.875%, 5/09/32 (c) | 1,300 | 481,559 |
| | ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (a)(c) | 17,110 | 7,699,500 |
| | Zenith National Insurance Capital Trust I, 8.55%, 8/01/28 (a) | 3,750 | 3,515,625 |
| | | | 142,047,064 |
| Multi-Utilities - 3.5% | Dominion Resources Capital Trust I, 7.83%, 12/01/27 | 10,000 | 8,203,870 |
| | Puget Sound Energy, Inc. Series A, 6.974%, 6/01/67 (c) | 1,825 | 926,187 |
| | | | 9,130,057 |
| Oil, Gas & Consumable Fuels - 5.2% | Enterprise Products Operating LLC, 8.375%, 8/01/66 (c) | 4,225 | 2,661,750 |
| | Southern Union Co., 7.20%, 11/01/66 (c) | 14,400 | 6,120,000 |
| | TransCanada PipeLines Ltd., 6.35%, 5/15/67 (c) | 8,300 | 4,723,372 |
| | | | 13,505,122 |
| Road & Rail - 1.0% | BNSF Funding Trust I, 6.613%, 12/15/55 (c) | 3,750 | 2,596,875 |
| Thrifts & Mortgage Finance - 0.6% | Webster Capital Trust IV, 7.65%, 6/15/37 (c) | 3,875 | 1,592,927 |
| | Total Capital Trusts - 102.2% | | 263,815,226 |
| | Preferred Stocks | Shares | |
| Capital Markets - 0.4% | Deutsche Bank Contingent Capital Trust II, 6.55% | 72,200 | 968,202 |
| Commercial Banks - 10.6% | Barclays Bank Plc, 8.125% | 225,000 | 3,150,000 |
| | First Tennessee Bank NA, 3.90% (a)(c) | 4,650 | 1,578,094 |

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| | | |
|---|---------|-----------|
| HSBC USA, Inc. Series D, 4.50% (c) | 131,700 | 1,621,227 |
| HSBC USA, Inc. Series H, 6.50% | 120,000 | 2,170,800 |
| Provident Financial Group, Inc., 7.75% | 166,800 | 3,044,100 |
| Royal Bank of Scotland Group Plc Series L, 5.75% | 20,000 | 90,800 |

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BlackRock Preferred Income Strategies Fund, Inc.

(Percentages shown are based on
Net Assets)

Schedule of Investments January 31, 2009 (Unaudited)

| Industry | Preferred Stocks | Shares | Value |
|---|---|---------------|--------------|
| | Royal Bank of Scotland Group Plc Series M, 6.40% | 15,000 | \$ 75,750 |
| | SG Preferred Capital II, 6.302% (c)(h) | 23,000 | 12,420,000 |
| | Santander Finance Preferred SA Unipersonal, 6.80% | 188,600 | 3,211,858 |
| | | | 27,362,629 |
| Diversified Financial Services - 4.3% | Cobank ACB, 7% (a)(h) | 152,000 | 4,086,064 |
| | JPMorgan Chase Capital XXI Series U, 2.12%, 2/02/37 (c) | 15,525,000 | 6,990,116 |
| | | | 11,076,180 |
| Electric Utilities - 4.2% | Alabama Power Co., 5.83% | 14,000 | 327,600 |
| | Alabama Power Co., 6.50% | 145,000 | 3,335,000 |
| | Entergy Arkansas, Inc., 6.45% | 114,400 | 2,470,331 |
| | Entergy Louisiana LLC, 6.95% | 49,850 | 2,492,500 |
| | Interstate Power & Light Co. Series B, 8.375% | 80,000 | 2,136,000 |
| | | | 10,761,431 |
| Insurance - 26.1% | AXA SA, 6.379% (a)(c) | 13,470,000 | 5,823,566 |
| | Aspen Insurance Holdings Ltd., 7.401% (c) | 194,000 | 2,847,920 |
| | Axis Capital Holdings Ltd. Series A, 7.25% | 129,300 | 2,191,635 |
| | Axis Capital Holdings Ltd. Series B, 7.50% (c) | 36,000 | 2,206,127 |
| | Endurance Specialty Holdings Ltd. Series A, 7.75% | 139,200 | 2,257,824 |
| | Financial Security Assurance Holdings Ltd., 6.40% (a)(c) | 6,930,000 | 1,694,454 |
| | Great West Life & Annuity Insurance Co., 7.153% (a)(c) | 7,500,000 | 4,557,615 |
| | MetLife, Inc., 6.40%, 12/15/66 | 16,825,000 | 10,229,364 |
| | MetLife, Inc. Series B, 6.50% | 904,400 | 15,555,680 |
| | PartnerRe Finance II, 6.44% (c) | 5,700,000 | 2,216,234 |
| | Prudential Plc, 6.50% | 92,400 | 1,556,940 |
| | RenaissanceRe Holding Ltd. Series D, 6.60% | 435,000 | 8,004,000 |
| | Zurich RegCaPS Funding Trust, 6.58% (a)(c) | 9,800 | 8,296,313 |
| | | | 67,437,672 |
| Multi-Utilities - 3.3% | Dominion Resources, Inc., 7.50% (c) | 8,400,000 | 4,872,000 |
| | Pacific Gas & Electric Co. Series A, 6% | 140,000 | 3,605,000 |
| | | | 8,477,000 |
| Thrifts & Mortgage Finance - 0.3% | Sovereign Bancorp, Inc. Series C, 7.30% (i) | 48,000 | 744,000 |
| Wireless Telecommunication Services - 0.6% | Centaur Funding Corp., 9.08% (a) | 2,423 | 1,525,733 |

| | | | |
|---|---|--------------|-------------|
| | Total Preferred Stocks - 49.8% | | 128,352,847 |
| | Real Estate Investment Trusts | | |
| Real Estate Investment Trusts (REITs) - 6.6% | BRE Properties, Inc. Series D, 6.75% | 35,000 | 579,250 |
| | Developers Diversified Realty Corp., 8% | 400,000 | 2,960,000 |
| | First Industrial Realty Trust, Inc., 6.236% (c) | 2,390 | 898,491 |
| | Firststar Realty LLC, 8.875% (a) | 4,000 | 4,087,500 |
| | Kimco Realty Corp. Series F, 6.65% | 50,000 | 770,000 |
| | Public Storage, Inc. Series I, 7.25% | 160,000 | 3,715,200 |
| | Public Storage Series F, 6.45% | 40,000 | 743,600 |
| | Public Storage Series M, 6.625% | 71,900 | 1,438,000 |
| | Regency Centers Corp. Series D, 7.25% | 100,000 | 1,800,000 |
| | Total Real Estate Investment Trusts - 6.6% | | 16,992,041 |
| | | Par | |
| | Trust Preferreds | (000) | |
| Commercial Banks - 0.4% | KeyCorp Capital IX, 6.75% | \$ 1,868 | 1,077,151 |
| Communications Equipment - 0.5% | Corporate-Backed Trust Certificates, Motorola Debenture Backed Series 2002-14, 8.375%, 11/15/28 | 2,000 | 1,181,846 |

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BlackRock Preferred Income Strategies Fund, Inc.

| Schedule of Investments January 31, 2009 (Unaudited) | | (Percentages shown are based on Net Assets) | |
|---|--|--|---------------|
| Industry | Trust Preferreds | Par (000) | Value |
| Consumer Finance - 4.3% | Capital One Capital II, 7.50%, 6/15/66 | \$ 16,702 | \$ 11,120,052 |
| Diversified Financial Services - 1.4% | Citigroup Capital XVII, 6.35%, 3/15/67 | 4,548 | 1,779,696 |
| | ING Groep NV, 7.20% (b) | 3,500 | 1,771,700 |
| | | | 3,551,396 |
| Electric Utilities - 3.7% | Georgia Power Co. Series O, 1.475%, 4/15/33 | 1,250 | 1,243,812 |
| | HECO Capital Trust III, 6.50%, 3/18/34 | 1,250 | 1,096,326 |
| | National Rural Utilities Cooperative Finance Corp., 6.75%, 2/15/43 | 1,250 | 1,144,387 |
| | PPL Energy Supply LLC, 7%, 7/15/46 | 5,835 | 5,979,092 |
| | | | 9,463,617 |
| Gas Utilities - 5.3% | Southwest Gas Capital II, 7.70%, 9/15/43 | 15,125 | 13,593,258 |
| Insurance - 4.3% | ABN AMRO North America Capital Funding Trust II, 2.874% (a)(b)(c) | 11,000 | 1,629,601 |
| | Lincoln National Capital VI Series F, 6.75%, 9/11/52 | 5,000 | 3,649,062 |
| | W.R. Berkley Capital Trust II, 6.75%, 7/26/45 | 7,375 | 5,876,553 |
| | | | 11,155,216 |
| Thriffs & Mortgage Finance - 1.7% | Countrywide Financial Corp., 6.75%, 4/01/33 | 9,451 | 4,519,458 |
| | Total Trust Preferreds - 21.6% | | 55,661,994 |
| | Total Preferred Securities - 180.2% | | 464,822,108 |
| | Corporate Bonds | | |
| Beverages - 1.3% | Anheuser-Busch InBev Worldwide, Inc., 8.20%, 1/15/39 (a) | 3,200 | 3,224,698 |

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| | | | |
|-------------------------|---|-------------------|----------------|
| Insurance - 3.2% | Oil Insurance Ltd., 7.558% (a)(b)(c) | 5,000 | 2,009,600 |
| | QBE Insurance Group Ltd., 9.75%, 3/14/14 (a) | 5,967 | 5,916,048 |
| | Structured Asset Repackaged Trust Series | | |
| | 2004-1, 1.633%, 4/21/11 (c) | 425 | 309,960 |
| | | | 8,235,608 |
| | Total Corporate Bonds - 4.5% | | 11,460,306 |
| | Investment Companies | Shares | |
| | UltraShort Real Estate ProShares | 145,000 | 8,601,400 |
| | Total Investment Companies - 3.3% | | 8,601,400 |
| | Total Long-Term Investments | | |
| | (Cost - \$837,881,919) - 188.0% | | 484,883,814 |
| | | Beneficial | |
| | | Interest | |
| | | (000) | |
| | Short-Term Securities | | |
| | BlackRock Liquidity Series, | | |
| | LLC Cash Sweep Series, 0.66% (j)(k) | \$ 20,955 | 20,954,902 |
| | Total Short-Term Securities | | |
| | (Cost - \$20,954,902) - 8.1% | | 20,954,902 |
| | Total Investments | | |
| | (Cost - \$858,836,821*) - 196.1% | | 505,838,716 |
| | Liabilities in Excess of Other Assets - (6.8)% | | (17,585,489) |
| | Preferred Shares, at Redemption Value - | | |
| | (89.3)% | | (230,294,611) |
| | Net Assets Applicable to Common Shares - | | |
| | 100.0% | | \$ 257,958,616 |

* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2009,

as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|------------------|
| Aggregate cost | \$ 859,893,097 |
| Gross unrealized appreciation | \$ 3,258,510 |
| Gross unrealized depreciation | (357,312,891) |
| Net unrealized depreciation | \$ (354,054,381) |

BlackRock Preferred Income Strategies Fund, Inc.

Schedule of Investments January 31, 2009 (Unaudited)

- (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) Security is perpetual in nature and has no stated maturity date.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Non-income producing security.
- (e) Issuer filed for bankruptcy and/or is in default of interest payments.
- (f) All or a portion of security held as collateral in connection with open reverse repurchase agreements.
- (g) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.
- (h) Security is valued in accordance with the Fund's fair valuation policy.
- (i) Depositary receipts.

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(j) 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 | Income |
|---------------------------------|---------------------|---------------|
| BlackRock Liquidity Series, LLC | | |
| Cash Sweep Series | \$ (7,848,102) | \$ 64,859 |

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

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.

Financial futures contracts purchased as of January 31, 2009 were as follows:

| Contracts | Issue | Expiration Date | Face Amount | Unrealized Depreciation |
|------------------|---------------------------|------------------------|--------------------|--------------------------------|
| 296 | 10-Year US Treasury Notes | March 2009 | \$ 36,591,275 | \$ (280,400) |

Reverse repurchase agreements outstanding as of January 31, 2009 were as follows:

| Counterparty | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount |
|---------------------|----------------------|-------------------|----------------------|---------------------------|--------------------|
| Barclays Bank Plc | 2.97% | 12/03/08 | 5/15/09 | \$ 7,220,226 | \$ 7,125,000 |
| Barclays Bank Plc | 2.93% | 12/05/08 | 5/15/09 | 2,778,476 | 2,743,200 |
| Barclays Bank Plc | 2.75% | 12/11/08 | 5/15/09 | 7,713,388 | 7,625,430 |
| Barclays Bank Plc | 2.75% | 12/30/08 | 5/15/09 | 8,157,602 | 8,073,725 |
| Barclays Bank Plc | 1.87% | 1/09/09 | 5/15/09 | 2,342,432 | 2,327,200 |
| Total | | | | \$ 28,212,124 | \$ 27,894,555 |

Credit default swaps on single-name issues - buy protection outstanding as of January 31, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|----------------------|-----------------------|------------------------|-------------------|------------------------------|---|
| Carnival Corp. | 2.35% | Goldman Sachs Bank USA | December 2013 | \$ 3,000 | \$ 131,487 |
| American Express Co. | 4.05% | Citibank NA | December 2013 | \$ 5,000 | (238,210) |
| Altria Group, Inc. | 1.03% | Deutsche Bank AG | December 2013 | \$ 8,000 | 45,448 |
| Total | | | | | <u>\$ (61,275)</u> |

Schedule of Investments January 31, 2009 (Unaudited)

- Credit default swaps on single-name issues - sold protection outstanding as of January 31, 2009 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration | Credit Rating¹ | Notional Amount (000)² | Unrealized Depreciation |
|--------------------------------------|-----------------------------------|---------------------|-------------------|--------------------------------------|--|------------------------------------|
| Philip Morris International, Inc. | 1.73% | Deutsche Bank AG | December 2013 | A | \$ 8,000 | \$ (34,560) |

¹ Using Standard and Poor's rating of the issuer.

² The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement.

Effective November 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

- Level 1 - price quotations in active markets/exchanges for identical securities
- Level 2 - other observable inputs (including, but not limited to: quoted prices for 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology 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 other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its annual report.

The following table summarizes the inputs used as of January 31, 2009 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | | Other Financial Instruments* | |
|-----------------------------|----------------------------------|---------------------------|-------------------------------------|---------------------------|
| | <u>Assets</u> | <u>Liabilities</u> | <u>Assets</u> | <u>Liabilities</u> |
| Level 1 | \$ 117,166,536 | - | - | \$ (280,400) |
| Level 2 | 372,166,116 | \$ (27,894,555) | \$ 176,935 | (238,210) |
| Level 3 | 16,506,064 | - | - | (34,560) |
| Total | \$ 505,838,716 | \$ (27,894,555) | \$ 176,935 | \$ (553,170) |

* Other financial instruments are futures and swap contracts. Futures and swap contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following is a reconciliation of investments for unobservable inputs (Level 3) used in determining fair value:

| | |
|-----------------------|------------------------|
| Investments in | Other Financial |
|-----------------------|------------------------|

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| | Securities | Instruments* |
|--|-----------------|--------------|
| Balance, as of November 1, 2008 | - | - |
| Accrued discounts/premiums | - | - |
| Realized gain (loss) | - | - |
| Change in unrealized appreciation (depreciation) | \$ (15,542,780) | \$ (65,256) |
| Net purchases (sales) | - | - |
| Net transfers in/out of Level 3 | 32,048,844 | 30,696 |
| Balance, as of January 31, 2009 | \$ 16,506,064 | \$ (34,560) |

* Other financial instruments are swap contracts. Swap contracts are valued at the unrealized appreciation/depreciation on the instrument.

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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 13(a)-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 25, 2009

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.

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By: /s/ Donald C. Burke

Donald C. Burke

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

Date: March 25, 2009

By: /s/ Neal J. Andrews

Neal J. Andrews

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

Date: March 25, 2009
