

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

BLACKROCK PREFERRED INCOME STRATEGIES FUND, INC.

Form N-Q

September 27, 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 (principal 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

Date of fiscal year end: 10/31/2007

Date of reporting period: 05/01/2007 - 07/31/2007

Item 1 - Schedule of Investments

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

Preferred Securities

Industry	Face Amount	Capital Trusts
Capital Markets - 2.0%	\$ 3,495,000 13,535,000	Deutsche Bank Capital Funding Trust VII, 5.628% State Street Capital Trust IV, 6.355% due 6/01/
Commercial Banks - 18.6%	12,035,000 2,811,000 18,350,000 2,000,000 5,825,000 16,455,000 3,875,000 3,630,000 2,000,000 15,835,000	ABN AMRO North America Holding Preferred Capital Trust I, 6.523% due 12/29/2049 (a) (b) (c) Abbey National Capital Trust I, 8.963% due 12/2 BB&T Capital Trust IV, 6.82% due 6/12/2077 (b) Bank One Capital III, 8.75% due 9/01/2030 Barclays Bank Plc, 5.926% due 9/29/2049 (a) (b) (c) Chase Capital II Series B, 5.856% due 2/01/2027 Dresdner Funding Trust I, 8.151% due 6/30/2031 First Empire Capital Trust II, 8.277% due 6/01/2030 HSBC America Capital Trust I, 7.808% due 12/15/2030 HSBC Capital Funding LP/Jersey Channel Islands, 12/29/2049 (a) (b) (c) (g)

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

	7,300,000	HSBC Finance Capital Trust IX, 5.911% due 11/30
	12,275,000	Hubco Capital Trust II Series B, 7.65% due 6/15
	3,850,000	Huntington Capital III, 6.65% due 5/15/2037 (b)
	2,000,000	Lloyds TSB Bank Plc, 6.90% (c)
	18,470,000	Nationsbank Capital Trust III, 5.906% due 1/15/
	13,180,000	RBS Capital Trust B, 6.80% (c)
	2,000,000	Republic New York Corp., 7.53% due 12/04/2026
	3,930,000	Royal Bank of Scotland Group Plc, 7.648% due 8/31/2049 (b) (c)
	4,175,000	SunTrust Preferred Capital I, 5.853% (b) (c)
-----		
Consumer Finance - 2.1%	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 - 4.0%	15,000,000	AgFirst Farm Credit Bank, 8.393% due 12/15/2016
	9,000,000	Farm Credit Bank of Texas Series 1, 7.561% (b) (c)
	8,375,000	JPM Chase Capital XXI, 6.558% due 5/15/2077 (b)
-----		
Electric Utilities - 0.6%	5,000,000	SWEPCO Capital I, 5.25% due 10/01/2043 (b)
-----		
Insurance - 10.4%	12,175,000	AON Corp., 8.205% due 1/01/2027
	9,225,000	AXA, 8.60% due 12/15/2030 (Surplus Notes)
	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 (c)
	10,000,000	GE Global Insurance Holding Corp., 7.75% due 6/15/2030
	1,000,000	GenAmerica Capital I, 8.525% due 6/30/2027 (a)
	3,000,000	Genworth Financial, Inc., 6.15% due 11/15/2066
	6,066,000	ING Capital Funding Trust III, 8.439% (b) (c)
	3,605,000	Oil Casualty Insurance Ltd., 8% due 9/15/2034 (c)
	6,325,000	Principal Life Insurance Co., 8% due 3/01/2044
	3,750,000	Zenith National Insurance Capital Trust I, 8.55% 8/01/2028 (a)
-----		
Multi-Utilities - 1.2%	10,000,000	Dominion Resources Capital Trust I, 7.83% due 11/15/2030
-----		
Road & Rail - 0.4%	3,750,000	BNSF Funding Trust I, 6.613% due 12/15/2055 (b)

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

Preferred Securities

Industry	Face Amount	Capital Trusts
Thrifts & Mortgage Finance - 0.6%	\$ 1,000,000	Astoria Capital Trust I, 9.75% due 11/01/2029 (c)
	3,875,000	Webster Capital Trust IV, 7.65% due 6/15/2037 (c)

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

Total Investments in Capital Trusts (Cost - \$341,842,550) - 39.9%		
	Shares Held	Preferred Stocks
Capital Markets - 2.1%	7,600,000	Ameriprise Financial, Inc., 7.518% due 6/01/206
	393,800	Deutsche Bank Contingent Capital Trust II, 6.55
Commercial Banks - 11.5%	4,000,000	Barclays Bank Plc, 6.278% (b)
	4,650	First Tennessee Bank NA, 3.90% (a) (b)
	8,000,000	ICICI Bank Ltd., 7.25% (a) (b)
	159,000	KeyCorp Capital IX, 6.75%
	166,800	Provident Financial Group, Inc., 7.75%
	20,000,000	Resona Preferred Global Securities Ltd., 7.191% due 12/29/2049 (a) (b)
	4,800,000	Royal Bank of Scotland Group Plc, 9.118%
	23,000	SG Preferred Capital II, 6.302% (b)
	599,000	Santander Finance Preferred SA Unipersonal, 6.5
	250,000	Santander Finance Preferred SA Unipersonal, 6.8
	48,000	Sovereign Bancorp, Inc. Series C, 7.30% (d)
Diversified Financial Services - 2.7%	152,000	Cobank ACB, 7% (a)
	15,525,000	JPMorgan Chase Capital XXI Series U, 6.309% (b)
Electric Utilities - 1.3%	14,000	Alabama Power Co., 5.83%
	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 - 15.0%	400,000	ACE Ltd. Series C, 7.80%
	25,825,000	AXA SA, 6.379% (a) (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, 7.7
	6,930,000	Financial Security Assurance Holdings Ltd., 6.4
	7,500,000	Great West Life & Annuity Insurance Co., 7.153%
	15,875,000	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% (b)
	140,000	Prudential Plc, 6.50% (c)
	660,000	RenaissanceRe Holding Ltd. Series D, 6.60% (c)
	9,800	Zurich RegCaPS Funding Trust, 6.58% (a) (b) (c)
Multi-Utilities - 1.4%	8,400,000	Dominion Resources, Inc., 7.50% (b)
	140,000	Pacific Gas & Electric Co. Series A, 6% (c)

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

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

Preferred Securities

Industry	Shares Held	Preferred Stocks
Oil, Gas & Consumable Fuels - 0.5%	4,225,000	Enterprise Products Operating LP, 8.375% (b)
Real Estate Management & Development - 0.5%	4,000,000	Roslyn Real Estate Asset Corp. Series D, 9% (b)
Thrifts & Mortgage Finance - 9.5%	264,650 1,210,000 120,000	Fannie Mae Series L, 5.125% (c) Fannie Mae Series O, 7% (b) (c) Freddie Mac Series Q, 3.85% (b) (c)
Wireless Telecommunication Services - 0.3%	2,423	Centaur Funding Corp., 9.08% (a)
		Total Preferred Stocks (Cost - \$382,719,875) - 44.8%
Real Estate Investment Trusts		
Real Estate Investment Trusts (REITs) - 7.3%	251,400 200,000 400,000 2,390 4,000 50,000 172,800 50,000 40,000 160,000 607,550 3,857	Alexandria Real Estate Equities, Inc. Series C, CBL & Associates Properties, Inc. Series C, 7.7 Developers Diversified Realty Corp., 8% First Industrial Realty Trust, Inc., 6.236% (b) Firststar Realty LLC, 8.875% (a) Health Care Property Investors, Inc. Series F, Health Care REIT, Inc. Series F, 7.625% Kimco Realty Corp. Series F, 6.65% PS Business Parks, Inc. Series K, 7.95% Public Storage, Inc. Series I, 7.25% Regency Centers Corp. Series C, 7.45% Sovereign Real Estate Investment Corp., 12% (a)
		Total Real Estate Investment Trusts (Cost - \$61,348,035) - 7.3%
	Face Amount	Trust Preferreds
Commercial Banks - 1.7%	\$ 2,790,000 2,000,000 2,500,000 8,470,000	National City Capital Trust II, 6.625% due 11/1 SunTrust Capital VIII, 6.10% due 12/15/2036 (b) Wachovia Capital Trust IV, 6.375% due 3/01/2067 Wachovia Capital Trust IX, 6.375% due 6/01/2067

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

Communications Equipment - 0.2%	2,000,000	Corporate-Backed Trust Certificates, 8.375% due
Consumer Finance - 2.0%	16,702,000	Capital One Capital II, 7.50% due 6/15/2066
Diversified Financial Services - 0.8%	7,625,000	Citigroup Capital XVII, 6.35% due 3/15/2067
Electric Utilities - 1.2%	1,250,000	Georgia Power Co. Series O, 1.475% due 4/15/203
	1,250,000	HECO Capital Trust III, 6.50% due 3/18/2034
	1,250,000	National Rural Utilities Cooperative Finance Co due 2/15/2043
	5,835,000	PPL Energy Supply LLC, 7% due 7/15/2046
	950,000	Virginia Power Capital Trust II, 1.844% due 7/3
Gas Utilities - 0.7%	5,750,000	Southwest Gas Capital II, 7.70% due 9/15/2043
Insurance - 2.6%	11,000,000	ABN AMRO North America Capital Funding Trust II (a) (b) (c)
	7,375,000	Berkley W. R. Capital Trust, 6.75% due 7/26/204
	5,000,000	Lincoln National Capital VI Series F, 6.75% due

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

Preferred Securities

Industry	Face Amount	Trust Preferreds
Media - 2.6%	\$ 23,375,000	Comcast Corp., 6.625% due 5/15/2056
Multi-Utilities - 0.1%	397,425	PSEG Funding Trust II, 8.75% due 12/31/2032
Thrifts & Mortgage Finance - 1.7%	11,137,500	Countrywide Financial Corp., 1.50% due 4/01/203
	6,000,000	Dime Community Capital I, 7% due 4/14/2034
		Total Trust Preferreds (Cost - \$122,004,029) - 13.6%
		Total Preferred Securities (Cost - \$907,914,489) - 105.6%
		Corporate Bonds
Automobiles - 2.4%	16,000,000	DaimlerChrysler NA Holding Corp., 8.50% due 1/1
Capital Markets - 1.6%	7,750,000	Credit Suisse Guernsey Ltd., 5.86% (b) (c)
	6,400,000	Lehman Brothers Holdings Capital Trust V, 6.19%

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

Commercial Banks - 12.3%	23,425,000	BNP Paribas, 7.195% (a) (b) (c)
	8,575,000	BOI Capital Funding No. 3, 6.107% (a) (b) (c)
	30,000,000	Credit Agricole SA, 6.637% (a) (b) (c)
	5,000,000	HBOS Plc, 6.657% (a) (b) (c)
	21,250,000	Societe Generale, 5.922% (a) (b) (c)
	13,550,000	Standard Chartered Bank, 7.014% (a) (b) (c)
	8,500,000	Woori Bank, 6.208% due 5/02/2067 (a) (b)
Diversified Telecommunication Services - 3.8%	25,500,000	France Telecom SA, 8.50% due 3/01/2031
Electric Utilities - 3.9%	16,575,000	Duke Energy Field Services LLC, 8.125% due 8/16
	5,925,000	PPL Capital Funding, 6.70% due 3/30/2067 (b)
	7,825,000	Virginia Electric and Power Co. Series A, 6% due
Gas Utilities - 1.7%	14,400,000	Southern Union Co., 7.20% due 11/01/2066 (b)
Insurance - 19.4%	12,775,000	The Allstate Corp., 6.50% due 5/15/2057 (b)
	10,450,000	The Allstate Corp. Series B, 6.125% due 5/15/20
	12,395,000	American International Group, Inc., 6.25% due 3
	17,700,000	Chubb Corp., 6.375% due 3/29/2067 (b)
	14,280,000	Everest Reinsurance Holdings, Inc., 6.60% due 5
	10,150,000	Liberty Mutual Group, Inc., 7% due 3/15/2037 (a)
	5,025,000	Lincoln National Corp., 6.05% due 4/20/2067 (b)
	15,475,000	Nationwide Life Global Funding I, 6.75% due 5/1
	11,650,000	The Progressive Corp., 6.70% due 6/15/2037 (b)
	6,575,000	QBE Capital Funding II LP, 6.797% (a) (b) (c)
	3,000,000	Reinsurance Group of America, 6.75% due 12/15/2
	630,732	START 2004-1, 5.417% due 4/21/2011
	8,875,000	Swiss Re Capital I LP, 6.854% (a) (b) (c)
	22,850,000	The Travelers Cos., Inc., 6.25% due 3/15/2067 (
	5,725,000	XL Capital Ltd. Series E, 6.50% (b) (c)
	17,110,000	ZFS Finance USA Trust I, 6.50% due 5/09/2037 (a)
Media - 0.8%	1,000,000	Time Warner, Inc., 7.625% due 4/15/2031 (g)
	5,000,000	Time Warner, Inc., 7.70% due 5/01/2032
Multi-Utilities - 0.2%	1,825,000	Puget Sound Energy, Inc. Series A, 6.974% due 6

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

Preferred Securities

Face

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

Industry	Amount	Corporate Bonds
Oil, Gas & Consumable Fuels - 0.9%	\$ 8,300,000	TransCanada PipeLines Ltd., 6.35% due 5/15/2067
Thrifts & Mortgage Finance - 1.3%	11,150,000	Northern Rock Plc, 6.594% due 6/29/2049 (a) (b) (c)
Wireless Telecommunication Services - 2.9%	8,400,000 12,795,000	AT&T Wireless Services, Inc., 8.75% due 3/01/2032 Sprint Capital Corp., 8.75% due 3/15/2032
		Total Corporate Bonds (Cost - \$446,918,570) - 51.2%
		Beneficial Interest Short-Term Securities
	\$ 66,669,936	BlackRock Liquidity Series, LLC Cash Sweep Series, 5.33% (e) (f)
		Total Short-Term Securities (Cost - \$66,669,936) - 7.9%
		Total Investments (Cost - \$1,421,502,995*) - Other Assets Less Liabilities - 0.8% Preferred Stock, at Redemption Value - (65.5%)
		Net Assets Applicable to Common Stock - 100.0%

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

Aggregate cost	\$ 1,419,757,306
Gross unrealized appreciation	\$ 14,826,097
Gross unrealized depreciation	(49,694,602)
Net unrealized depreciation	\$ (34,868,505)

- (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) 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	Interest Income
BlackRock Liquidity Series, LLC Cash Sweep Series	\$46,128,435	\$3,035,423

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

- (f) Represents the current yield as of July 31, 2007.
- (g) All or a portion of security held as collateral in connection with open financial futures contracts.
- 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.

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

### Preferred Securities

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

Number of Contracts	Issue	Expiration Date	Face Value
7,135	10-Year U.S. Treasury Notes	September 2007	\$ 753,989,669
1,554	30-Year U.S. Treasury Notes	September 2007	\$ 166,491,277
Total Unrealized Depreciation			

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

	Notional Amount	Unrealized Appreciation (Depreciation)
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	\$ 172,512
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	3,145,305
Receive a fixed rate of 5.813% and pay a floating rate based on 3-month USD LIBOR Broker, Goldman Sachs Expires June 2017	\$ 125,000,000	2,888,896



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

Pay a fixed rate of 5.53% and receive a floating rate based on 3-month USD LIBOR Broker, Citibank N.A. Expires July 2017	\$ 193,900,000	(317,608)
Receive a fixed rate of 5.55125% and pay a floating rate based on 3-month USD LIBOR Broker, Credit Suisse First Boston Expires August 2017	\$ 58,300,000	176,008
-----		
Total		\$ 6,065,113 =====

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 and 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 (17 CFR 270.30a-3(d)) 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/ Robert C. Doll, Jr.  
-----  
Robert C. Doll, Jr.,  
Chief Executive Officer (principal executive officer) of  
BlackRock Preferred Income Strategies Fund, Inc.

Date: September 20, 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.  
-----  
Robert C. Doll, Jr.,

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

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

Date: September 20, 2007

By: /s/ Donald C. Burke

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

Date: September 20, 2007