

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC
Form N-CSR
November 10, 2008

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: Donald C. Burke, Chief Executive Officer, BlackRock
Floating Rate 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: 08/31/2008

Date of reporting period: 09/01/2007 - 08/31/2008

Item 1 Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Annual Report

AUGUST 31, 2008

[BlackRock Defined Opportunity Credit Trust \(BHL\)](#)

[BlackRock Diversified Income Strategies Fund, Inc. \(DVF\)](#)

[BlackRock Floating Rate Income Strategies Fund, Inc. \(FRA\)](#)

[BlackRock Senior Floating Rate Fund, Inc.](#)

[BlackRock Senior Floating Rate Fund II, Inc.](#)

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

Table of Contents

	Page
A Letter to Shareholders	3
Annual Report:	
Fund Summaries	4
The Benefits and Risks of Leveraging	9
Swap Agreements	9
Disclosure of Expenses	9
Fund Financial Statements:	
Schedules of Investments	10
Statements of Assets and Liabilities	28
Statements of Operations	30
Statements of Changes in Net Assets	32
Statements of Cash Flows	35
Fund Financial Highlights	36
Fund Notes to Financial Statements	41
Fund Report of Independent Registered Public Accounting Firm	49
Master Senior Floating Rate LLC Portfolio Summary	49
Master Senior Floating Rate LLC Financial Statements:	
Schedule of Investments	50
Statement of Assets and Liabilities	56
Statement of Operations	57
Statements of Changes in Net Assets	58
Master Senior Floating Rate LLC Financial Highlights	58
Master Senior Floating Rate LLC Notes to Financial Statements	59
Master Senior Floating Rate LLC Report of Independent Registered Public Accounting Firm	63
Disclosure of Investment Advisory Agreement and Subadvisory Agreement	64
Important Tax Information	69
Automatic Dividend Reinvestment Program	70
Officers and Directors/Trustees	71
Additional Information	74

2 ANNUAL REPORT

AUGUST 31, 2008

A Letter to Shareholders

Dear Shareholder

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It has been a tumultuous year for investors, marked by almost daily headlines related to the beleaguered housing market, rising food and energy prices, and the escalating credit crisis. The news took an extraordinarily heavy tone shortly after the close of this reporting period as the credit crisis deepened and triggered unprecedented failures and consolidation in the financial sector, stoking fears of a market and economic collapse and prompting the largest government rescue plan since the Great Depression.

Through it all, the Federal Reserve Board (the Fed) has been aggressive in its attempts to restore order in financial markets. Key moves included slashing the target federal funds rate 325 basis points (3.25%) between September 2007 and April 2008 and providing numerous cash injection and lending programs. As the credit crisis took an extreme turn for the worse in September, the Fed, in concert with five other global central banks, lowered interest rates by 50 basis points in a rare move intended to stave off worldwide economic damage from the intensifying financial market turmoil. The U.S. economy managed to grow at a slow-but-positive pace through the second quarter of the year, though the recent events almost certainly herald a global economic recession.

Against this backdrop, U.S. stocks experienced intense volatility (steep declines and quick recoveries), generally posting losses for the current reporting period. Small-cap stocks fared significantly better than their larger counterparts. Non-U.S. markets followed the U.S. on the way down and, in some cases, decelerated at a faster pace than domestic equities—a stark reversal of recent years' trends, when international stocks generally outpaced U.S. equities. Treasury securities also traded in a volatile fashion, but rallied overall (yields fell and prices correspondingly rose), as the broader flight-to-quality persisted. The yield on 10-year Treasury issues, which fell to 3.34% in March, climbed to the 4.20% range in mid-June as investors temporarily moved out of Treasury issues in favor of riskier assets (such as stocks and other high-quality fixed income sectors), then declined again to 3.83% by the end of the reporting period when credit fears resurfaced. Tax-exempt issues posted positive returns, but problems among municipal bond insurers and the collapse in the market for auction rate securities pressured the group throughout the course of the past year. Economic and financial market distress also dampened the performance of high yield issues, which were very volatile due to the macro factors noted above.

Overall, severe market instability resulted in mixed results for the major benchmark indexes:

Total Returns as of August 31, 2008	6-month	12-month
U.S. equities (S&P 500 Index)	(2.57)%	(11.14)%
Small cap U.S. equities (Russell 2000 Index)	8.53	(5.48)
International equities (MSCI Europe, Australasia, Far East Index)	(10.18)	(14.41)
Fixed income (Lehman Brothers U.S. Aggregate Index)	0.18	5.86
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	5.12	4.48

High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index)

0.74

(0.66)

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

Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our views on the economy and financial markets, we invite you to visit www.blackrock.com/funds. As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito
 President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

3

Fund Summary as of August 31, 2008 **BlackRock Defined Opportunity Credit Trust**

Investment Objective

BlackRock Defined Opportunity Credit Trust (BHL) (the Fund) seeks high current income, with a secondary objective of long-term capital appreciation.

Performance

From inception (January 31, 2008) through August 31, 2008, the Fund returned (11.44)% based on market price and 4.79% based on net asset value (NAV). For the same period, the Lipper Loan Participation Funds category posted an average return of (1.70)% on a NAV basis. The Suisse Leveraged Loan Index returned 0.34% over the same time period. All returns reflect reinvestment of dividends. The Fund's primary advantage versus the Lipper peer group was its ability to invest its portfolio and take advantage of historically low valuations among bank loan securities as older competitors came into the period fully invested. The Fund's conservative positioning also was beneficial in a difficult market. The Fund moved from a premium to NAV at launch to an 11.5% discount by period-end, which accounts for the difference between performance based on price and performance based on NAV.

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	BHL
Initial Offering Date	January 31, 2008
Yield on Closing Market Price as of August 31, 2008 (\$12.66) ¹	10.66%
Current Monthly Distribution per share of Common Stock ²	\$0.1125
Current Annualized Distribution per share of Common Stock ²	\$1.3500
Leverage as of August 31, 2008 ³	23%

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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 As a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

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

	8/31/08	High	Low
Market Price	\$12.66	\$15.33	\$12.19
Net Asset Value	\$14.31	\$14.82	\$14.05

The following unaudited chart shows the portfolio composition of the Fund's long-term investments:

Portfolio Composition

Asset Mix	8/31/08
Floating Rate Loan Interests	99%
Corporate Bonds	1

4 ANNUAL REPORT AUGUST 31, 2008

Fund Summary as of August 31, 2008 BlackRock Diversified Income Strategies Fund, Inc.

Investment Objective

BlackRock Diversified Income Strategies Fund, Inc. (DVF) (the Fund) seeks to provide investors with a high current income by investing a diversified portfolio of floating rate debt securities and instruments, including floating or variable rate loans, bonds, preferred securities (including convertible preferred securities), notes or other debt securities or instruments that pay a floating rate of interest.

Performance

For the 12 months ended August 31, 2008, the Fund returned (16.08)% based on market price and (10.17)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (14.03)% on a NAV basis. All returns reflect the reinvestment of dividends. During the period, high yield loans which comprised about 47% of the Fund's portfolio as of August 31, 2008 outperformed high yield bonds, which aided relative performance as most of the other funds in the Lipper category invest primarily in high yield bonds. As of August 31, 2008, the Fund was more modestly leveraged (28% of total net assets) versus many of its counterparts, which also helped relative performance in a very challenging market. Conversely, high yield floating-rate notes, which the Fund owns, detracted from performance. The Fund's discount rate, which widened from 1.9% to 8.4% over the period, accounts for the difference between performance based on price and performance based on NAV. 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 factors. 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 New York Stock Exchange	DVF
Initial Offering Date	January 31, 2005
Yield on Closing Market Price as of August 31, 2008 (\$12.77) ¹	12.69%
Current Monthly Distribution per share of Common Stock ²	\$0.135
Current Annualized Distribution per share of Common Stock ²	\$1.620
Leverage as of August 31, 2008 ³	28%

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 As a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

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

	8/31/08	8/31/07	Change	High	Low
Market Price	\$12.77	\$17.16	(25.58)%	\$17.40	\$11.86
Net Asset Value	\$13.94	\$17.50	(20.34)%	\$18.03	\$13.84

The following unaudited 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

Asset Mix	8/31/08	8/31/07
Corporate Bonds	50%	60%
Floating Rate Loan Interests	47	38
Preferred Stock		1
Common Stock	3	1

Credit Quality Allocations⁴

Credit Rating	8/31/08	8/31/07
AA/Aa	3%	%
BBB/Baa	1	2
BB/Ba	7	7
B/B	61	62
CCC/Caa	20	19
CC/Ca	2	2
Not Rated	6	8

⁴ Using the higher of Standard & Poor's (S&P) or Moody's Investor Service (Moody's) ratings.

ANNUAL REPORT AUGUST 31, 2008 5

Fund Summary as of August 31, 2008 **BlackRock Floating Rate Income Strategies Fund, Inc.**

Investment Objective

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

Performance

For the 12 months ended August 31, 2008, the Fund returned (4.28)% based on market price and (2.56)% based on NAV. For the same period the closed-end Lipper Loan Participation Funds category posted an average return of (5.50)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's conservative positioning with respect to credit and sector allocation aided relative performance during a year of considerable volatility in credit markets. The Fund's discount to NAV, which widened modestly during the annual period, accounts for the difference between performance based on price and performance based on NAV.

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	FRA
Initial Offering Date	October 31, 2003
Yield on Closing Market Price as of August 31, 2008 (\$14.49) ¹	10.34%
Current Monthly Distribution per share of Common Stock ²	\$0.124835
Current Annualized Distribution per share of Common Stock ²	\$1.498020
Leverage as of August 31, 2008 ³	26%

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 As a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

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

	8/31/08	8/31/07	Change	High	Low
Market Price	\$14.49	\$16.70	(13.23)%	\$17.53	\$13.05
Net Asset Value	\$16.12	\$18.25	(11.67)%	\$18.63	\$15.89

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The following unaudited 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

	8/31/08	8/31/07
Floating Rate Loan Interests	73%	75%
Corporate Bonds	26	24
Common Stocks	1	1

Credit Quality Allocations⁴

Credit Rating	8/31/08	8/31/07
AA/Aa	5%	%
BBB/Baa	11	5
BB/Ba	11	20
B/B	59	58
CCC/Caa	8	10
D		2
Not Rated	6	5

⁴ Using the highest of S&P's and Moody's ratings.

6 ANNUAL REPORT AUGUST 31, 2008

Fund Summary as of August 31, 2008 **BlackRock Senior Floating Rate Fund, Inc.**

Investment Objective

BlackRock Senior Floating Rate Fund, Inc. (the Fund) is a continuously offered closed-end fund that seeks high current income and such preservation of capital as is consistent with investment in senior collateralized corporate loans made by banks and other financial institutions.

Performance

For the 12 months ended August 31, 2008, the Fund returned (1.32)% based on NAV. For the same period, the closed-end Lipper Loan Part Funds category posted an average return of (5.50)% on a NAV basis. All returns reflect reinvestment of dividends. The year featured considerable volatility in credit markets, with periods of downward pressure punctuated by sharp rebounds. In contrast to many of the other funds in the Lipper category, the Fund did not use leverage, which aided relative performance over the period. The Fund was defensively positioned in its sector and broadly diversified among individual credits, which also proved advantageous. In addition, above-average cash positions, held for opportunistic purchases during periods of forced selling, benefited 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 Information¹

Initial Offering Date	November 3, 1989
Yield based on Net Asset Value as of August 31, 2008 (\$7.98) ²	5.86%
Current Monthly Distribution per share of Common Stock ³	\$0.038968
Current Annualized Distribution per share of Common Stock ³	\$0.467616

- 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 changes in the Fund's net asset value per share:

	8/31/08	8/31/07	Change	High	Low
Net Asset Value	\$7.98	\$8.60	(7.21)%	\$8.71	\$7.81

Expense Example for Continuously Offered Closed-End Funds

	Actual			Hypothetical ⁵		
	Beginning Account Value March 1, 2008	Ending Account Value August 31, 2008	Expenses Paid During the Period ⁴	Beginning Account Value March 1, 2008	Ending Account Value August 31, 2008	Expenses Paid During the Period
BlackRock Senior Floating Rate, Inc.	\$1,000	\$1,037.50	\$7.49	\$1,000	\$1,017.65	\$7.41

⁴ Expenses are equal to the annualized expense ratio of 1.47%, multiplied by the average account value over the period, multiplied by 183/366 (to reflect the period shown). Because the Fund is a feeder fund, the expense table reflects the expenses of both the feeder fund and the Master Senior Floating Rate 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 366.

See Disclosure of Expenses for Continuously Offered Closed-End Funds on page 9 for further information on how expenses were calculated.
 ANNUAL REPORT AUGUST 31, 2008 7

Fund Summary as of August 31, 2008 **BlackRock Senior Floating Rate Fund II, Inc.**

Investment Objective

BlackRock Senior Floating Rate Fund II, Inc. (the Fund) is a continuously offered closed-end fund that seeks high current income and preservation of capital as is consistent with investment in senior collateralized corporate loans made by banks and other financial institutions

Performance

For the 12 months ended August 31, 2008, the Fund returned (1.61)% based on NAV. For the same period, the closed-end Lipper Loan Part

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Funds category posted an average return of (5.50)% on a NAV basis. All returns reflect reinvestment of dividends. The year featured considerable volatility in credit markets, with periods of downward pressure punctuated by sharp rebounds. In contrast to many of the other funds in the LI category, the Fund did not use leverage, which aided relative performance over the period. The Fund was defensively positioned in its sector and broadly diversified among individual credits, which also proved advantageous. In addition, above-average cash positions, held for opportunistic purchases during periods of forced selling, benefited 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 Information¹

Initial Offering Date	March 26, 1999
Yield based on Net Asset Value as of August 31, 2008 (\$8.67) ²	5.32%
Current Monthly Distribution per share of Common Stock ³	\$0.038406
Current Annualized Distribution per share of Common Stock ³	\$0.460872

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 changes in the Fund's net asset value per share:

	8/31/08	8/31/07	Change	High	Low
Net Asset Value	\$8.67	\$9.35	(7.27)%	\$9.47	\$8.49

Expense Example for Continuously Offered Closed-End Funds

	Actual			Hypothetical ⁵		
	Beginning	Ending	Expenses Paid	Beginning	Ending	Expenses Paid
	Account Value	Account Value		Account Value	Account Value	
	March 1, 2008	August 31, 2008	During the Period ⁴	March 1, 2008	August 31, 2008	During the Period
BlackRock Senior Floating Rate II, Inc.	\$1,000	\$1,036.50	\$8.50	\$1,000	\$1,016.65	\$8.42

⁴ Expenses are equal to the expense ratio of 1.67%, multiplied by the average account value over the period, multiplied by 183/366 (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 Senior Floating Rate LLC (the fund 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 366.

See Disclosure of Expenses for Continuously Offered Closed-End Funds on page 9 for further information on how expenses were calculated.

8 ANNUAL REPORT AUGUST 31, 2008

The Benefits and Risks of Leveraging

BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. (each a Fund and collectively, the Funds) may utilize leverage through borrowings or issuance of short-term debt securities. The concept of leveraging is based on the premise that the 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 be the beneficiaries of the incremental yield.

Leverage creates risks for shareholders including the likelihood of greater NAV and market price volatility. In addition, there is the risk that fluctuations in interest rates on borrowings may reduce shareholders yield and negatively impact its NAV and market price. 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.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through a credit facility and the issuance of short-term debt securities up to 33 ¹ / ₃ % of total managed assets. As of August 31, 2008, the Funds had outstanding leverage from credit facility borrowings as a percentage of total managed assets as follows:

	Percent of Leverage
BlackRock Defined Opportunity Credit Trust	23%
BlackRock Diversified Income Strategies Fund, Inc	28%
BlackRock Floating Rate Income Strategies Fund, Inc	26%

Swap Agreements

The Funds may invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market

without owning or taking physical custody of securities. Swap agreements involve the risk that the party with whom the Funds have entered into the swap will default on its obligation to pay the Funds and the risk that the Funds will not be able to meet their obligations to pay the other party to the agreement.

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 advisory fees, and other Fund expenses. The following example (which is based on a hypothetical investment of \$1,000 invested on March 1, 2008 and held through August 31, 2008) is 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 Expense Examples on pages 7 and 8 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 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 example is 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, 2008 9

Schedule of Investments August 31, 2008

BlackRock Defined Opportunity Credit Trust

(Percentages shown are based on Net Assets)

	Par (000)	Value
Floating Rate Loan Interests		

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Aerospace & Defense 2.8%

Avio Holding SpA:

Term Loan B, 4.594%, 9/25/14	USD	471	\$ 425,068
Term Loan C, 5.219%, 9/25/15		500	451,071

Hawker Beechcraft Acquisition Co. LLC:

Letter of Credit, 2.706%, 3/26/14		162	151,014
Term Loan B, 4.801%, 3/26/14		2,776	2,584,856

3,612,009

Auto Components 3.4%

Allison Transmission, Inc. Term Loan,

5.22% 5.56%, 8/07/14		2,204	1,976,878
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Dana Holding Corp. Term Advance, 6.75%, 1/31/15

2,487	2,286,428
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Delphi Corp. 2nd Lien:

Initial Tranche C Loan, 8.50%, 12/31/08		182	150,127
Subsequent Tranche C, 8.50%, 12/31/08		18	15,289

4,428,722

Automobiles 0.6%

Ford Motor Co. Term Loan, 5.47%, 12/15/13

998	772,682
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Biotechnology 0.7%

Talecris Biotherapeutics Holdings Corp. Term Loan

5.97% 6.31%, 12/06/13		995	962,614
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Building Products 2.3%

Building Materials Corp. of America Term Loan Advance,

5.438% 5.563%, 2/22/14		749	642,365
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Momentive Performance Materials, Inc. Term Loan B2,

6.73%, 12/04/13	EUR	1,000	1,285,503
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Stille Aquisition Corp. (Aka Masonite International):

Canadian Term Loan, 4.63% 5.046%, 4/06/13	USD	569	484,434
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U.S. Term Loan, 4.63% 5.046%, 4/06/13		574	489,137
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2,901,439

Capital Markets 0.9%

Nuveen Investments, Inc. Term Loan B,

5.462%, 11/13/14		1,317	1,215,972
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Chemicals 6.9%

Brenntag AG:

Second Lien Term Loan, 5.071%, 1/19/14		196	180,655
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Term Loan B2, 5.071%, 1/24/14		804	739,345
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Cognis Deutschland Term Loan C, 4.80%, 9/15/13		3,000	2,697,501
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Huish Detergents, Inc. Term Loan B, 4.81%, 4/26/14	998	903,551
Matrix Acquisition (MacDermid, Inc.) Tranche B Term Loan, 4.801%, 4/12/14	1,723	1,584,784
PQ Corp.:		
First Lien Term Loan, 5.92% 6.05%, 7/30/14	1,000	935,625
Second Lien Term Loan, 9.30%, 7/30/15	1,000	865,000
Solutia, Inc. Term Loan, 8.50%, 2/28/14	998	961,023
		<hr/>
		8,867,484

Commercial Services & Supplies 5.9%

ARAMARK Corp.:		
Letter of Credit Facility, 2.44%, 1/26/14	60	56,576
U.S. Term Loan B, 4.676%, 1/26/14	940	890,549
Alliance Laundry Systems LLC Term Loan, 4.96% 5.30%, 1/27/12	947	918,947
Allied Waste North America, Inc.:		
New Term Loan, 3.97%, 3/28/14	547	533,955
New Tranche A Credit Linked Deposit, 2.39%, 3/28/14	376	366,459

Floating Rate Loan Interests	Par (000)	Value
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Commercial Services & Supplies (concluded)

Kion Group GmbH Facility:		
Term Loan B, 4.469%, 12/28/14	USD	500
Term Loan C, 4.969%, 12/23/15		500
Synagro Technologies, Inc. First Lien, 4.81%, 4/02/14		998
Waste Services, Inc. Term Loan E, 5.15%, 3/31/11		1,345
West Corp. Term Loan B2, 4.844% 5.171%, 10/24/13		1,995
		<hr/>
		7,542,644

Communications Equipment 4.1%

Alltel Corp.:		
Initial Tranche B2, 5.064%, 5/16/15		1,493
Initial Tranche B3, 4.966%, 5/18/15		2,988
Sorenson Communications Inc. Tranche C Term Loan, 4.97% 5.30%, 8/16/13		850
		<hr/>
		5,275,519

Computers & Peripherals 1.1%

Intergraph Corp. Initial Term Loan First Lien, 4.809%, 5/29/14		1,500
		1,425,000

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Containers & Packaging 2.5%			
Crown Americas Additional Term B Dollar Loan, 4.423%, 11/15/12		500	482,500
Graphic Packaging International Corp. Incremental Term Loan, 5.535% 5.88%, 5/16/14		1,495	1,441,741
Smurfit Kappa Group:			
Term Loan B1, 6.36% 6.996%, 12/31/13	EUR	500	660,173
C1 Term Loan Facility, 6.61% 7.25%, 1/12/14		500	660,173
			<u>3,244,587</u>
Diversified Consumer Services 1.1%			
Coinmach Corp. Term Loan, 5.48% 5.81%, 11/20/14	USD	1,496	1,374,671
Diversified Telecommunication Services 5.8%			
BCM Ireland Holdings (Eircom):			
Term Loan B, 6.606%, 9/30/14	EUR	500	673,987
Term Loan C, 6.856%, 9/30/15		500	674,188
Hawaiian Telcom Communications, Inc.			
Term Loan C, 5.301%, 6/01/14	USD	500	396,667
Integra Telecom, Inc. First Lien Term Loan, 6.894% 7.05%, 8/31/13		1,993	1,813,152
PaeTec Holdings Corp. Replacement Term Loan, 4.969%, 2/28/13		975	887,411
Time Warner Telecom Holdings, Inc. Term Loan B, 4.47%, 1/07/13		1,538	1,471,321
Wind Finance Term Loan, 0.10%, 12/17/14	EUR	1,000	1,466,717
			<u>7,383,443</u>
Electric Utilities 0.4%			
Astoria Generating Co. Acquisitions, LLC			
Second Lien Term Loan C, 6.56%, 1/26/14	USD	500	472,083
Electronic Equipment & Instruments 2.8%			
Deutsch Connectors:			
Term Loan B, 7.646%, 7/27/14		55	48,521
Term Loan B2, 7.396%, 7/27/14		854	748,599
Term Loan C2, 7.646%, 7/27/15		751	658,627
Flextronics International Ltd.			
Delay Draw Term Loan A1, 5.041%, 10/01/14		445	403,471
A Closing Rate Loan, 5.038% 5.041%, 10/01/14		1,550	1,405,737
L-1 Identity Solutions Operating Co. Term Loan, 7.50%, 8/05/13		375	374,063
			<u>3,639,018</u>

See Notes to Financial Statements.

10 ANNUAL REPORT AUGUST 31, 2008

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Energy Equipment & Services 1.7%			
Compagnie Generale de Geophysique Term Loan, 4.702%, 1/12/14	USD	750	\$ 729,375
Dresser, Inc. Term Loan B, 4.716% 5.057%, 5/04/14		1,488	1,419,420
			2,148,795
Food & Staples Retailing 1.3%			
Alliance Boots Plc Acquisition Term Loan Facility B-2 UK Borrower, 8.097%, 7/09/15	GBP	1,000	1,616,644
Food Products 1.7%			
Dole Food Co., Inc.:			
Letter of Credit, 4.788%, 4/12/13	USD	74	67,517
Term Loan B, 4.50% 6%, 4/12/13		134	123,322
Term Loan C, 4.50% 6%, 4/12/13		539	494,983
Wrigley Co. Term Loan B, 6.633%, 8/11/14		1,500	1,505,894
			2,191,716
Forms & Bulk Printing Services 0.3%			
Hanley-Wood LLC Term Loan, 4.71% 4.72%, 3/08/14		500	388,125
Health Care Equipment & Supplies 4.7%			
Bausch & Lomb, Inc.:			
Delay Draw Term Loan, 6.051%, 4/24/15		240	233,825
Parent Term Loan, 6.051%, 4/24/15		1,594	1,551,038
Biomet, Inc. Dollar Term Loan, 5.801%, 3/25/15		2,490	2,438,613
DJO Finance LLC Term Loan, 5.469% 5.801%, 5/20/14		995	970,125
Hologic, Inc. Term Loan B, 5.75%, 3/31/13		334	331,710
Inverness Medical Innovations, Inc. First Lien Term Loan, 4.808%, 6/26/14		500	471,250

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			5,996,561
<hr/>			
Health Care Providers & Services	6.7%		
Community Health Systems, Inc. Funded Term Loan, 4.719% 5.06%, 7/25/14		3,768	3,560,905
HCA, Inc. Term Loan B, 5.051%, 11/17/13		2,000	1,872,916
HealthSouth Corp. Term Loan, 5.29%, 3/10/13		1,905	1,802,367
Surgical Care Affiliates LLC Term Loan, 5.051%, 12/29/14		498	437,789
Symbion, Inc.:			
Tranche A Term Loan, 5.719% 6.049%, 8/23/13		479	421,769
Term Loan B, 5.719% 6.049%, 8/01/14		479	421,769
			<hr/>
			8,517,515
<hr/>			
Health Care Technology	0.4%		
Sunquest Holdings, Inc. (Misys Hospital Systems) Term Loan, 5.72% 6.05%, 10/11/14		496	467,716
<hr/>			
Hotels, Restaurants & Leisure	4.6%		
Harrah s Operating Co. Term Loan B2, 5.80% 5.81%, 1/28/15		3,242	2,839,477
Penn National Gaming, Inc. Term Loan B, 4.21% 4.55%, 10/03/12		1,742	1,667,338
QCE LLC First Lien Term Loan, 4.813%, 5/05/13		998	841,187
VMLUS Finance LLC (Venetian Macau):			
Delay Draw Term Loan B, 5.06%, 5/25/12		181	175,026
Term Loan B Funded Project, 5.06%, 5/25/13		319	309,140
			<hr/>
			5,832,168
<hr/>			
Floating Rate Loan Interests		(000)	Value
<hr/>			
Household Durables	2.4%		
Jarden Corp. Term Loan B3, 5.301%, 1/24/12	USD	1,742	\$ 1,602,487
The Yankee Candle Co., Inc. Term Loan, 4.48% 4.81%, 2/06/14		1,606	1,401,076
			<hr/>
			3,003,563
<hr/>			
Household Products	0.4%		
VI/Jon Inc. (VJCS Acquisition) Term Loan B, 4.716% 4.919%, 4/24/14		500	467,500
<hr/>			
IT Services	8.2%		
Amadeus Global Travel Distribution SA:			
Term Loan B3 Facility, 6.481%, 7/15/13	EUR	307	379,178

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Term Loan B-2, 7.57%, 5/04/15	USD	1,000	832,500
Term Loan B-4 Facility, 6.481%, 7/15/13	EUR	186	229,621
Term Loan C2, 7.82%, 6/30/13	USD	1,000	832,500
Term Loan C-3 Facility, 6.981%, 7/15/14	EUR	307	379,178
Term Loan C-4, 6.981%, 7/15/14		186	229,621
Ceridian Corp. U.S. Term Loan, 5.464%, 11/07/14	USD	2,000	1,880,000
First Data Corp.:			
Term Loan B1, 5.222% 5.552%, 9/24/14		748	777,716
Term Loan B2, 5.222% 5.552%, 9/24/14		1,989	2,068,017
Term Loan B3, 5.551% 5.552%, 9/24/14		997	1,036,608
SunGard Data Systems, (Solar Capital Corp.) Inc.			
New U.S. Term Loan B, 4.553%, 2/28/14		1,992	1,869,884

10,514,823

Independent Power Producers & Energy Traders 6.2%

Mirant North America, LLC, Term Loan 4.219%, 1/03/13		753	722,179
NRG Energy, Inc.:			
Letter of Credit, 2.70%, 2/01/13		328	310,817
Term Loan, 4.301%, 2/01/13		2,084	1,974,288
Texas Competitive Electric Holdings Co. LLC (TXU):			
Initial Term Loan B-1, 5.963% 6.303%, 10/13/14		499	464,188
Initial Term Loan B-3, 5.963% 6.303%, 10/13/14		4,726	4,395,357

7,866,829

Industrial Conglomerates 0.9%

Sequa Corp. Term Loan, 5.72% 7.25%, 12/03/14		1,236	1,176,578
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Insurance 0.7%

Alliant Holdings I, Inc. Term Loan, 5.801%, 11/01/14		995	915,388
--	--	-----	---------

Internet & Catalog Retail 0.2%

FTD Group, Inc. Term Loan B, 7.50%, 8/04/14		250	242,500
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Machinery 2.9%

Lincoln Industrials:			
Delay Draw First Lien, 4.97%, 7/11/14		270	256,500
Initial U.S. First Lien Term Loan, 4.97%, 7/11/14		720	720,000
Navistar International Corp.:			
Revolving Credit, 5.903% 6.046%, 1/19/12		533	491,333
Term Advance, 6.046% 6.292%, 1/19/12		1,467	1,351,167
OshKosh Truck Corp. Term Loan B, 4.22% 4.43%, 12/06/13		944	858,923

3,677,923

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

11

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Media 34.5%			
Alix Partners, LLP Tranche C Term Loan, 4.79%, 10/12/13	USD	500	\$ 481,250
Alpha Topco Ltd.:			
Term Loan B1, 4.719%, 12/31/13		571	519,571
Term Loan B2, 4.719%, 12/31/13		392	357,205
Bresnan Communications, LLC:			
First Lien Add on Term Loan B, 5.02%, 9/29/13		1,000	953,333
Initial Term Loan B, 4.80% 5.05%, 9/29/13		500	476,667
Cablevision Systems Corp. Incremental Term Loan, 4.214%, 3/29/13		1,739	1,653,351
Casema NV (Essent Kablecom):			
B1 Term Loan Facility, 6.985%, 11/14/14	EUR	329	461,113
B2 Term Loan Facility, 6.985%, 9/11/14		171	239,525
Term Loan C, 7.485%, 11/14/15		500	700,639
Catalina Marketing Corp. Initial Term Loan, 5.801%, 10/01/14	USD	2,490	2,337,458
Cengage Learning Acquisitions, Inc. (Thomson Learning) Incremental Term Loan 1, 7.50%, 7/05/14		2,500	2,475,000
Cequel Communications LLC (Cebridge) Term Loan, 4.791% 6%, 11/05/13		2,489	2,323,012
Charter Communications, Operating LLC Replacement Term Loan, 4.67% 4.80%, 3/06/14		1,250	1,091,840
Clarke American Corp. Term Loan B, 5.291% 5.301%, 3/30/14		2,490	2,046,734
Dex Media West Term Loan, 7%, 10/24/14		750	685,781
DirectTV Holdings LLC Term Loan C, 5.25%, 4/13/13		675	672,469

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Discovery Communications Holding LLC Term Loan B, 4.801%, 5/14/14		993	967,403
FoxCo Acquisition Sub Term Loan, 7.25%, 7/14/15		500	484,584
Getty Images, Inc. Initial Term Loan, 7.25%, 7/02/15		1,000	998,438
Gray Television, Inc. Delayed Draw Term Loan B, 3.97% 5.25%, 12/31/14		1,802	1,495,940
HMH Publishing Co. Ltd. Tranche A Term Loan, 6.464%, 6/12/14		2,000	1,795,000
Hargray Acquisition Co., First Lien Term Loan, 5.051%, 6/29/14		500	457,500
Idearc, Inc. (Verizon) Term Loan B, 4.47% 4.80%, 11/17/14		370	259,191
Insight Midwest Holdings LLC, Term Loan B, 4.47%, 4/06/14		2,000	1,920,626
Intelsat Corp.:			
Term Loan B2A, 5.288%, 1/03/14		333	317,087
Term Loan B2B, 5.288%, 1/03/12		333	316,992
Term Loan B2C, 5.288%, 1/03/12		333	316,992
Lavena Holding 3 (Prosiebensat. 1 Media AG):			
Term Loan B1, 6.86% 7.526%, 3/06/15	EUR	1,500	1,512,345
Term Loan C1, 7.11% 7.776%, 6/30/16		1,500	1,512,345
Local TV Finance, LLC Term Loan, 4.80% 4.87%, 5/07/13	USD	1,993	1,733,437
MCC Iowa LLC (Mediacom Broadband Group) Term Loan D14.21% 4.23%, 1/31/15		249	230,041
MCC Iowa (Mediacom Communications) Term Loan D2, 4.21% 4.23%, 1/31/15		884	815,470
Mediacom Illinois LLC (Mediacom Communications, LLC) Term Loan C, 4.22% 4.23%, 1/31/15		1,492	1,377,881
NTL Cable Plc (Virgin):			
Second Lien Term Loan B2, 8.147%, 7/17/12	GBP	281	465,194
Term Loan 1, 8.147%, 7/30/12		913	1,513,544
NV Broadcasting First Lien Term Loan 5.69%, 11/01/13		1,648	1,449,481

Floating Rate Loan Interests

(000)

Value

Media (concluded)

Newsday LLC:			
Floating Rate Term Loan, 7.958%, 8/01/13	USD	500	\$ 500,000
Fixed Rate Term Loan, 9.75%, 8/01/13		250	249,531
Nielsen Finance LLC Dollar Term Loan, 4.803%, 8/09/13		1,985	1,833,161
Parkin Broadcasting Term Loan B, 5.69%, 11/09/13		337	297,327
Sunshine Acquisition Ltd. Term Facilities, 4.80%, 3/20/12		1,750	1,496,922
UPC Financing Partnership (United Pan Europe Communications), Inc.:			
Term Loan M, 6.513%, 12/31/14	EUR	750	978,568
Term Loan N1, 4.214%, 12/31/14	USD	1,000	936,500

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Weather Channel Term Loan B, 7.205%, 6/01/15	400	387,000
		44,093,448
<hr/>		
Metals & Mining 0.7%		
Algora Steel, Inc. Term Loan, 4.98%, 6/20/13	1,000	945,000
<hr/>		
Multiline Retail 1.5%		
Neiman Marcus Group, Inc. Term Loan, 4.422%, 4/06/13	2,000	1,855,454
<hr/>		
Oil, Gas & Consumable Fuels 1.5%		
Petroleum Geo-Services ASA/PGS Finance, Inc. Term Loan, 4.55%, 6/29/15	1,458	1,412,558
Vulcan Energy Corp. Term Loan B3, 6.05%, 8/12/11	500	497,500
		1,910,058
<hr/>		
Paper & Forest Products 3.9%		
Boise Paper LLC (Aldbra Sub LLC) Tranche B Term Loan, 7.50%, 2/22/14	998	993,047
Georgia-Pacific LLC Term Loan B, 4.219% 4.551%, 12/20/12	2,881	2,720,554
NewPage Corp. Term Loan, 6.563%, 12/21/14	1,239	1,206,849
		4,920,450
<hr/>		
Personal Products 0.9%		
American Safety Razor Co. LLC Second Lien Term Loan, 8.72% 8.89%, 1/30/14	1,250	1,125,000
<hr/>		
Pharmaceuticals 0.8%		
Warner Chilcott: Term Loan B, 4.469% 4.801%, 1/18/12	719	696,228
Term Loan C, 4.801%, 1/18/12	358	346,482
		1,042,710
<hr/>		
Professional Services 0.8%		
Booz Allen Hamilton, Inc. Term Loan B, 7.50%, 7/31/15	1,000	1,000,417
<hr/>		
Real Estate Management & Development 0.4%		
Capital Automotive L Term Loan, 4.22%, 12/16/10	600	565,380
<hr/>		
Road & Rail 0.6%		
Rail America, Inc.: Canadian Term Loan, 6.79%, 8/14/09	65	64,904
U.S. Term Loan, 6.79%, 8/14/09	684	681,346

746,250

See Notes to Financial Statements.

12 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
Specialty Retail 2.7%		
Adesa, Inc. (KAR Holdings, Inc.) Initial Term Loan, 5.06%, 10/18/13	USD 1,977	\$ 1,758,451
General Nutrition Centers, Inc. Term Loan, 5.04% 5.06%, 9/16/13	995	896,295
Michaels Stores, Inc. Replacement Loan, 4.75%, 10/31/13	995	767,035
		3,421,781
Textiles, Apparel & Luxury Goods 0.4%		
Hanesbrands, Inc. Term Loan B, 4.545% 4.551%, 9/05/13	500	484,861
Wireless Telecommunication Services 4.7%		
Centennial Cellular Operating Co. New Term Loan, 4.469% 4.801%, 2/09/11	2,000	1,956,666
Cricket Communications, Inc. Term Loan B, 6.50%, 6/16/13	1,075	1,060,667
MetroPCS Wireless, Inc. New Tranche B Term Loan, 4.75% 5.063%, 11/03/13	2,044	1,953,014
NTELOS Inc. Term Loan B-1 Facility, 4.72%, 8/24/11	997	975,298
		5,945,645
Total Floating Rate Loan Interests 138.0%		176,198,685

Corporate Bonds

Diversified Telecommunication Services 1.1%

Qwest Corp., 6.026%, 6/15/13 (b)	1,500	1,387,500
----------------------------------	-------	-----------

Total Corporate Bonds 1.1%

1,387,500

Total Long-Term Investments

(Cost \$177,472,047) 139.1%

177,586,185

Short-Term Securities

U.S. Government and Agency Obligations (c)

Federal Home Loan Bank, 2.36%, 9/16/08	700	699,390
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U.S. Treasury Bills, 1.65%, 9/25/08 (e)	700	699,288
---	-----	---------

1,398,678

**Beneficial
Interest
(000)**

Money Market

BlackRock Liquidity Series, LLC

Cash Sweep Series, 2.41% (a)(d)	USD 2,366	2,365,561
---------------------------------	-----------	-----------

Total Short-Term Securities (Cost \$3,764,239) 2.9%

3,764,239

Total Investments (Cost \$181,236,286*) 142.0%

181,350,424

Liabilities in Excess of Other Assets (42.0)%

(53,655,276)

Net Assets 100.0%

\$127,695,148

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

Aggregate cost	\$181,034,697
----------------	---------------

Gross unrealized appreciation	\$ 2,422,597
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Gross unrealized depreciation	(2,106,870)
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Net unrealized appreciation	\$ 315,727
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- (a) Represents the current yield as of report date.
 (b) Variable rate security. Rate shown is as of report date.
 (c) Rate shown is the yield to maturity as of the date of purchase.
 (d) 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:

	Net Activity (000)	Income
BlackRock Liquidity Series, LLC Cash Sweep Series	\$2,366	\$201,589

- (e) All or a portion of security held as collateral in connection with swap contracts.

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. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

Currency Purchased	Currency Sold	Settlement Date	Unrealized Appreciation
USD 10,276,966	EUR 6,566,500	10/23/08	\$ 672,136
USD 2,522,511	GBP 1,271,900	10/23/08	213,525
Total			\$ 885,661

Swaps outstanding as of August 31, 2008 were as follows:

	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Sold credit default protection LCDX Index and receive 2.25% Broker, Goldman Sachs & Co. Expires December 2012	USD 5,000	\$ 110,265
Sold credit default protection on LCDX Index and receive 2.25%		

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Broker, Goldman Sachs & Co.			
Expires December 2012	USD	5,000	185,265
Sold credit default protection LCDX			
Index and receive 5.25%			
Broker, UBS Securities			
Expires June 2013	EUR	5,000	(200,702)
Bought credit default protection on LCDX			
Index and pay 3.25%			
Broker, UBS Securities			
Expires June 2013	USD	5,750	95,968
<hr/>			<hr/>
Total			\$ 190,796
<hr/>			<hr/>

See Notes to Financial Statements.

ANNUAL REPORT AUGUST 31, 2008 13

Schedule of Investments (concluded) BlackRock Defined Opportunity Credit Trust

Currency Abbreviations:

EUR Euro

GBP British Pound

USD U.S. Dollar

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("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 Note 1 of Notes to Financial Statements.

The following table summarizes the inputs used as of August 31, 2008 in determining the fair valuation of the Fund's investments:

Valuation

Investments in

Other Financial

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Inputs	Securities	Instruments*
Level 1		
Level 2	\$176,509,069	\$1,076,457
Level 3	4,841,355	
Total	\$181,350,424	\$1,076,457

* Other financial instruments are swaps and foreign currency exchange contracts.

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

	Investments in Securities
Balance, as of January 31, 2008	\$
Accrued discounts/premiums	
Realized gain (loss)	
Change in unrealized appreciation (depreciation)	(567,141)
Net purchases (sales)	5,408,496
Net transfers in/out of Level 3	
Balance, as of August 31, 2008	\$4,841,355

See Notes to Financial Statements.

14 ANNUAL REPORT AUGUST 31, 2008

Schedule of Investments August 31, 2008

BlackRock Diversified Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
Auto Components 0.4%			
Allison Transmission, Inc. (a):			
11%, 11/01/15	USD	50	\$ 46,000
11.25%, 11/01/15 (b)		465	409,200
Lear Corp., 8.75%, 12/01/16		255	191,887

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			647,087
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Building Products 1.9%			
CPG International I, Inc., 9.904%, 7/01/12 (c)		2,500	1,900,000
Momentive Performance Materials, Inc. Series WI, 9.75%, 12/01/14		300	270,750
Ply Gem Industries, Inc., 11.75%, 6/15/13 (a)		1,215	1,105,650
			<hr/>
			3,276,400
<hr/>			
Capital Markets 1.8%			
E*Trade Financial Corp., 12.50%, 11/30/17 (a)		2,000	2,140,000
Marsico Parent Co., LLC, 10.625%, 1/15/16 (a)		724	608,160
Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(b)		266	221,190
Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (a)(b)		180	149,732
			<hr/>
			3,119,082
<hr/>			
Chemicals 5.6%			
American Pacific Corp., 9%, 2/01/15		440	426,800
Ames True Temper, Inc., 6.791%, 1/15/12 (c)		3,425	2,740,000
Hanna (M.A.) Co., 6.89%, 9/22/08		2,000	2,000,000
Hexion U.S. Finance Corp., 7.304%, 11/15/14 (c)		2,000	1,525,000
MacDermid, Inc., 9.50%, 4/15/17 (a)		420	384,300
NOVA Chemicals Corp., 5.953%, 11/15/13 (c)		2,745	2,360,700
			<hr/>
			9,436,800
<hr/>			
Commercial Services & Supplies 1.0%			
US Investigations Services, Inc., 10.50%, 11/01/15 (a)		1,000	890,000
West Corp., 11%, 10/15/16		985	770,763
			<hr/>
			1,660,763
<hr/>			
Construction Materials 1.1%			
Nortek Holdings, Inc., 10%, 12/01/13 (a)		2,050	1,916,750
<hr/>			
Containers & Packaging 6.0%			
Berry Plastics Holding Corp., 6.651%, 9/15/14 (c)(k)		2,235	1,676,250
Packaging Dynamics Finance Corp., 10%, 5/01/16 (a)		1,570	1,059,750
Smurfit Kappa Funding Plc, 7.75%, 4/01/15		5,000	4,400,000
Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17		780	624,000
Wise Metals Group LLC, 10.25%, 5/15/12		2,750	2,426,875
			<hr/>
			10,186,875

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Diversified Financial Services 2.0%			
FCE Bank Plc, 7.125%, 1/16/12	EUR	2,300	2,814,292
Ford Motor Credit Co. LLC, 5.538%, 1/13/12 (c)	USD	815	601,718
			3,416,010
Electric Utilities 0.9%			
NSG Holdings LLC, 7.75%, 12/15/25 (a)		1,570	1,507,200
Food & Staples Retailing 0.2%			
Rite Aid Corp., 9.375%, 12/15/15		580	374,100
Corporate Bonds		(000)	Value
Health Care Equipment & Supplies 3.4%			
Biomet, Inc.:			
10%, 10/15/17	USD	350	\$ 378,000
10.375%, 10/15/17 (b)		350	369,250
11.625%, 10/15/17		480	504,600
DJO Finance LLC, 10.875%, 11/15/14		4,500	4,511,250
			5,763,100
Health Care Providers & Services 0.7%			
Community Health Systems, Inc. Series WI, 8.875%, 7/15/15		760	767,600
Tenet Healthcare Corp.:			
6.375%, 12/01/11		155	149,575
6.50%, 6/01/12		345	333,787
			1,250,962
Hotels, Restaurants & Leisure 6.4%			
Harrah s Operating Co., Inc.:			
10.75%, 2/01/16 (a)		4,159	2,796,927
10.75%, 2/01/18 (a)(b)		1,278	754,853
Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)		800	666,000
Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (a)		410	333,125
Snoqualmie Entertainment Authority, 6.875%, 2/01/14 (a)(c)		305	223,412
Travelport LLC, 7.436%, 9/01/14 (a)		945	744,188
Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (d)(e)		120	38,400
Tunica-Biloxi Gaming Authority, 9%, 11/15/15 (a)		1,000	947,500
Universal City Florida Holding Co. I,			

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7.551%, 5/01/10 (c)		4,525	4,377,938
			10,882,343
<hr/>			
Household Durables 0.7%			
Jarden Corp., 7.50%, 5/01/17		525	467,250
Stanley-Martin Communities LLC, 9.75%, 8/15/15		1,250	475,000
The Yankee Candle Co., Inc., 9.75%, 2/15/17		285	180,975
			1,123,225
<hr/>			
IT Services 0.5%			
First Data Corp., 9.875%, 9/24/15 (a)		1,000	862,500
<hr/>			
Independent Power Producers & Energy Traders 1.0%			
Energy Future Holding Corp., 11.25%, 11/01/17 (a)(b)		1,000	985,000
Texas Competitive Electric Holdings Co. LLC, 10.50%, 11/01/16 (a)(b)		800	764,000
			1,749,000
<hr/>			
Industrial Conglomerates 1.7%			
Sequa Corp. (a):			
11.75%, 12/01/15		1,530	1,346,400
13.50%, 12/01/15 (b)		1,995	1,625,297
			2,971,697
<hr/>			
Insurance 2.0%			
American International Group, Inc., 8.25%, 8/15/18 (a)		3,000	2,957,463
USI Holdings Corp., 6.679%, 11/15/14 (a)(c)		490	390,775
			3,348,238
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See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

15

Schedule of Investments (continued)

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Corporate Bonds		Par (000)	Value
Machinery 1.1%			
ESCO Corp., 6.651%, 12/15/13 (a)(c)	USD	920	\$ 864,800
RBS Global, Inc., 8.875%, 9/01/16		505	470,912
Titan International, Inc., 8%, 1/15/12		460	455,400
			1,791,112
Marine 0.1%			
Navios Maritime Holdings, Inc., 9.50%, 12/15/14 (a)		141	134,655
Media 5.4%			
Affinion Group, Inc., 10.125%, 10/15/13		320	315,200
Canadian Satellite Radio Holdings, Inc., 12.75%, 2/15/14 (a)		3,000	2,527,500
NTL Cable Plc, 9.125%, 8/15/16		3,725	3,548,062
Nielsen Finance LLC, 10%, 8/01/14		980	992,250
TL Acquisitions, Inc., 10.50%, 1/15/15 (a)		1,570	1,342,350
Windstream Regatta Holdings, Inc., 11%, 12/01/17 (a)		832	482,560
			9,207,922
Metals & Mining 2.3%			
Aleris International, Inc.:			
9%, 12/15/14 (b)		370	288,600
10%, 12/15/16		500	348,750
RathGibson, Inc., 11.25%, 2/15/14		1,390	1,337,875
Ryerson, Inc., 10.176%, 11/01/14 (a)(c)		2,010	1,919,550
			3,894,775
Oil, Gas & Consumable Fuels 0.6%			
SandRidge Energy, Inc., 6.416%, 4/01/14 (a)(c)		1,000	937,821
Paper & Forest Products 7.5%			
Abitibi-Consolidated, Inc., 6.276%, 6/15/11 (c)		5,000	2,287,500
Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (a)		2,570	2,062,079
Bowater, Inc., 9%, 8/01/09		190	176,700
NewPage Corp.:			
9.051%, 5/01/12 (c)		3,000	2,812,500
10%, 5/01/12		1,820	1,765,400
Verso Paper Holdings LLC Series B, 6.551%, 8/01/14 (c)		4,000	3,560,000
			12,664,179

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Pharmaceuticals 1.9%

Angiotech Pharmaceuticals, Inc., 6.56%, 12/01/13 (c)	1,500	1,327,500
Elan Finance Plc, 6.804%, 11/15/11 (c)	2,000	1,845,000
		<hr/> 3,172,500

Real Estate Management & Development 1.4%

Realogy Corp.:		
10.50%, 4/15/14	1,430	843,700
11%, 4/15/14 (b)	2,565	1,205,550
12.375%, 4/15/15	760	349,600
		<hr/> 2,398,850

Road & Rail 0.1%

Swift Transportation Co., Inc., 10.554%, 5/15/15 (a)(c)	400	140,000
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Semiconductors & Semiconductor

Equipment 0.9%

Avago Technologies Finance Ltd., 8.311%, 6/01/13 (c)	400	400,000
Freescal Semiconductor, Inc., 8.875%, 12/15/14	160	129,600
Spansion, Inc., 5.935%, 6/01/13 (a)(c)	1,410	979,950
		<hr/> 1,509,550

See Notes to Financial Statements.

BlackRock Diversified Income Strategies Fund, Inc. (Percentages shown are based on Net Assets) Par

Corporate Bonds

		(000)	Value
Software 0.1%			
BMS Holdings, Inc., 10.595%, 2/15/12 (a)(b)(c)	USD	423	\$ 254,045
Specialty Retail 3.1%			
AutoNation, Inc., 4.791%, 4/15/13 (c)(k)		2,700	2,227,500
Buffets, Inc., 12.50%, 11/01/14 (d)(e)		360	3,600
General Nutrition Centers, Inc., 7.199%, 3/15/14 (b)(c)		1,670	1,397,033
Michaels Stores, Inc.:			
10%, 11/01/14		715	536,250
11.375%, 11/01/16		1,135	726,400
United Auto Group, Inc., 7.75%, 12/15/16		355	287,994

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			5,178,777
<hr/>			
Wireless Telecommunication Services	6.3%		
BCM Ireland Preferred Equity Ltd., 10.597%, 2/15/17 (a)	EUR	413	296,889
Centennial Communications Corp., 8.541%, 1/01/13 (c)(k)	USD	3,000	2,985,000
Cricket Communications, Inc.: 9.375%, 11/01/14		825	817,781
10.875%, 11/01/14		280	277,550
Digicel Group Ltd. (a): 8.875%, 1/15/15		1,070	1,004,516
9.125%, 1/15/15 (b)		2,129	1,924,084
FiberTower Corp. (f): 9%, 11/15/12 (a)		650	429,000
9%, 11/15/12		350	231,000
iPCS, Inc., 4.926%, 5/01/13 (c)		380	337,250
Nordic Telephone Co. Holdings ApS (a): 8.875%, 5/01/16		800	770,000
10.357%, 5/01/16 (c)	EUR	500	711,519
Orascom Telecom Finance SCA, 7.875%, 2/08/14 (a)	USD	325	297,765
Sprint Capital Corp., 7.625%, 1/30/11		675	675,000
			10,757,354
<hr/>			
Total Corporate Bonds	68.1%		115,533,672
<hr/>			
Floating Rate Loan Interests			
<hr/>			
Airlines	0.4%		
US Airways Group, Inc. Loan, 4.969%, 3/24/14		990	678,150
<hr/>			
Auto Components	2.3%		
Allison Transmission, Inc. Term Loan, 5.22% 5.56%, 8/07/14		1,959	1,756,858
Dana Holding Corp. Term Advance, 6.75%, 1/31/15		998	917,266
Intermet Corp.: Term Loan B, 7.696%, 11/08/10 (d)(e)		357	304,046
Term Loan B, 7.696%, 11/08/10 (b)		37	31,997
Synthetic Line of Credit, 2.343%, 11/08/10 (d)(e)		519	440,741
Synthetic Line of Credit, 2.343%, 11/09/10 (b)		24	20,447
Metaldyne Co. LLC: DF Loan, 2.336% 6.563%, 1/11/12		87	48,407

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Initial Tranche B Term Loan, 6.50%, 1/13/14	588	329,171
		<hr/>
		3,848,933

16 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (continued)

BlackRock Diversified Income Strategies Fund, Inc. (Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Automobiles 0.3%			
Ford Motor Co. Term Loan, 5.47%, 12/16/13	USD	324	\$ 251,367
General Motors Corp. Secured Term Loan, 5.163%, 11/29/13		249	184,103
			<hr/>
			435,470
Beverages 0.2%			
Culligan International Co. Loan (Second Lien), 9.229% 9.615%, 5/24/13	EUR	500	366,763
Biotechnology 0.3%			
Talecris Biotherapeutics, Inc. First Lien Term Loan, 5.97% 6.31%, 12/06/13	USD	496	480,094
Building Products 0.7%			
Stile Acquisition Corp. (Aka Masonite International):			
Canadian Term Loan, 4.63% 5.046%, 4/05/13		692	589,417
U.S. Term Loan, 4.63% 5.046%, 4/05/13		698	595,136
			<hr/>
			1,184,553
Chemicals 4.8%			
Edwards (Cayman Islands II) Ltd. First Lien Term Loan, 4.81%, 5/30/14		495	429,413
ElectricInvest Holding Co. Ltd. (Viridian Group PLC), Junior Term Facility, 8.735% 9.625%, 12/21/12	GBP	1,000	1,613,227
Huish Detergents, Inc. Tranche B Term Loan, 4.81%, 4/28/14	USD	495	448,387
ISP Chemco LLC Term Loan, 4% 4.313%, 6/04/14		495	456,638
Ineos US Finance LLC:			

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Term B2 Facility, 4.885%, 12/16/13	248	209,662
Term C2 Facility, 5.385%, 12/15/14	248	209,662
PQ Corp.:		
First Lien Term Loan, 5.92% 6.05%, 7/30/14	500	467,813
Second Lien Loan, 9.30%, 7/30/15	3,250	2,811,250
Solutia, Inc. Loan, 8.50%, 2/28/14	1,000	963,438
Wellman, Inc. Second Lien Term Loan, 11.989%, 2/10/10 (d)(e)	3,000	600,000
		8,209,490

Commercial Services & Supplies 3.1%

ARAMARK Corp.:		
Facility Letter of Credit, 2.44%, 1/27/14	158	149,664
U.S. Term Loan, 4.676%, 1/26/14	2,487	2,355,814
Brickman Group Holdings, Inc. Tranche B Term Loan, 4.801%, 1/23/14	741	662,859
NES Rentals Holdings, Inc. Permanent Second Lien Term Loan, 9.50%, 7/20/13	1,726	1,311,541
West Corp. Term B-2 Loan, 4.844% 5.171%, 10/24/13 (b)	985	864,211
		5,344,089

Computers & Peripherals 0.9%

Dealer Computer Services, Inc. (Reynolds & Reynolds)		
First Lien Term Loan, 4.801%, 10/26/12	1,167	1,079,720
Intergraph Corp. Second Lien Term Loan, 8.809%, 11/28/14	500	480,000
		1,559,720

Floating Rate Loan Interests

(000)

Value

Construction & Engineering 0.3%

Brand Energy & Infrastructure Services, Inc. (FR Brand Acquisition Corp.) First Lien Term Loan B, 5.063%, 2/07/14		
	USD	\$ 453,386

Containers & Packaging 1.8%

Berry Plastics Group Inc. Loan, 9.791%, 6/05/14 (b)	2,926	1,609,315
Graham Packaging Co., LP New Term Loan, 4.938% 5.063%, 10/07/11	1,478	1,403,891
		3,013,206

Diversified Consumer Services 0.9%

Coinmach Corp., Term Loan,

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5.48% 5.81%, 11/14/14		1,746	1,603,783
<hr/>			
Diversified Financial Services 0.9%			
J.G. Wentworth LLC Term First Lien Loan, 5.051%, 4/04/14		2,000	1,540,000
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Diversified Telecommunication Services 1.8%			
Hawaiian Telcom Communications, Inc. Tranche C Term Loan, 5.301%, 5/30/14		1,500	1,190,000
Wind Acquisition Holdings Finance S.A., Dollar Loan 10.035%, 12/21/11 (b)		2,061	1,932,324
<hr/>			
			3,122,324
<hr/>			
Electrical Equipment 1.1%			
Generac Acquisition Corp. First Lien Term Loan, 5.288%, 11/11/13		2,499	1,930,507
<hr/>			
Energy Equipment & Services 1.1%			
Dresser, Inc. Term B Loan, 4.716% 5.057%, 5/04/14		971	925,688
MEG Energy Corp.:			
Delayed Draw Term Loan, 4.80%, 4/03/13		499	475,502
Initial Term Loan, 4.80%, 4/03/13		489	466,604
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			1,867,794
<hr/>			
Food & Staples Retailing 0.7%			
McJunkin Corp. Term Loan, 6.051%, 1/31/14		739	726,437
Wm. Bolthouse Farms, Inc. Second Lien Term Loan, 8.301%, 12/16/13		500	465,000
<hr/>			
			1,191,437
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Food Products 2.3%			
Dole Food Co., Inc.:			
Credit-Linked Deposit, 2.658%, 4/12/13		140	128,162
Tranche B Term Loan, 4.50% 6%, 4/12/13		255	234,092
JRD Holdings, Inc. (Jetro Holdings) Term Loan, 5.05%, 7/02/14		484	457,734
Solvest, Ltd. (Dole) Tranche C Term Loan, 4.50% 6%, 4/12/13		1,024	939,589
Sturm Foods, Inc.:			
Initial Term Loan First Loan, 5.25% 5.375%, 1/31/14 (b)		493	402,406
Second Lien Term Loan Initial Term, 8.875%, 7/31/14		500	305,000
Wrigley Co. Term Loan B, 0%, 8/11/14		1,500	1,505,894
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			3,972,877
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Health Care Equipment & Supplies 0.9%

Biomet, Inc. Dollar Term Loan, 5.801%, 3/25/15	497	487,233
Hologic, Inc. Tranche B Term Loan, 5.75%, 3/31/13	334	331,710
DJO Finance LLC Term Loan, 5.468% 5.801%, 5/20/14	746	727,594
		1,546,537

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

17

Schedule of Investments (continued)**BlackRock Diversified Income Strategies Fund, Inc.**

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
Health Care Providers & Services 1.8%		
CCS Medical, Inc., Term Loan (First Lien), 6.06%, 9/30/12	USD 486	\$ 390,169
Community Health Systems, Inc. Funded Term Loan, 4.718% 5.06%, 7/25/14	936	884,607
Health Management Associates, Inc. Term B Loan, 4.551%, 2/28/14	1,886	1,726,988
		3,001,764
Hotels, Restaurants & Leisure 2.9%		
Golden Nugget, Inc. Second Lien Term Loan, 5.73%, 12/31/14	500	305,000
Green Valley Ranch Gaming LLC Second Lien Term Loan, 5.719%, 8/16/14	500	251,250
Harrah's Operating Co., Inc., Term B-2 Loan, 5.80% 5.801%, 1/28/15	498	436,843
Lake at Las Vegas Joint Venture/LLV-1, LLC (d)(e): Revolving Loan Credit-Linked Deposit Account, 16.1%, 12/22/12	120	18,056
Term Loan, 16.1%, 6/20/12	910	136,452
Las Vegas Sands LLC: Delay Draw Term Loan, 4.56%, 5/23/14	200	170,182

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Tranche B Term Loan, 4.56%, 5/23/14	792	673,920
QCE, LLC (Quiznos) Second Lien Term Loan, 8.551%, 11/05/13	1,000	807,500
VML US Finance LLC (Venetian Macau): Term B Delayed Draw Project Loan, 5.06%, 5/25/12	625	605,773
Term B Funded Project Loan, 5.06%, 5/27/13	1,500	1,452,500
		<u>4,857,476</u>
Household Durables 0.6%		
American Residential Services LLC Second Lien Term Loan, 12%, 4/17/15 (g)	1,000	986,173
Household Products 0.6%		
Spectrum Brands, Inc.: Letter of Credit, 2.336%, 3/30/13	80	69,204
Dollar Term B Loan, 6.669% 6.804%, 3/30/13	1,106	949,953
		<u>1,019,157</u>
IT Services 3.3%		
Activant Solutions Inc. Term Loan, 4.688% 4.813%, 5/02/13	1,638	1,417,198
Audio Visual Services Group Inc.: Loan Second Lien, 8.31%, 2/28/14	500	440,000
Tranche B Term Loan (First Lien), 5.06%, 2/28/14	993	843,625
Ceridian Corp. U.S. Term Loan, 5.464%, 11/09/14	1,000	940,000
First Data Corp.: Initial Tranche B-2 Term Loan, 5.222% 5.552%, 9/24/14	1,645	1,507,986
Initial Tranche B-3 Term Loan, 5.551% 5.552%, 9/24/14	497	455,898
		<u>5,604,707</u>
Independent Power Producers & Energy Traders 1.1%		
Texas Competitive Electric Holdings Co., LLC (TXU): Initial Tranche B-2 Term Loan, 5.963% 6.303%, 10/10/14	993	924,954
Initial Tranche B-3 Term Loan, 5.963% 6.303%, 10/10/14	993	923,025
		<u>1,847,979</u>
Floating Rate Loan Interests	Par (000)	Value

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Industrial Conglomerates 0.3%

Sequa Corp. Term Loan, 5.72% 7.25%, 12/03/14	USD	496	\$ 472,582
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Insurance 0.3%

Alliant Holdings I, Inc. Term Loan, 5.801%, 8/21/14		496	456,550
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Internet & Catalog Retail 0.3%

FTD Group, Inc. Tranche B Term Loan, 7.50%, 8/04/14		500	485,000
---	--	-----	---------

Machinery 1.8%

Navistar International Corp.:			
Revolving Credit Linked Deposit, 5.686% 6.047%, 1/19/12		800	737,000
Term Advance, 6.046% 6.292%, 1/19/12		2,200	2,026,750
Rexnord Holdings, Inc. Loan, 9.81%, 3/02/13 (b)		372	297,346
			3,061,096

Media 17.0%

Affinion Group Holdings, Inc. Loan, 9.368%, 3/01/12		1,150	964,563
Alix Partners, LLP Tranche C Term Loan, 4.79%, 10/12/13		506	487,134
Cengage Learning Acquisitions, Inc. (Thomson Learning), 7.50%, 7/05/14		3,250	3,217,500
Cequel Communications, LLC (Cebridge):			
Second Lien Tranche A Term Loan (Cash Pay), 7.301% 8.804%, 5/05/14		2,000	1,752,000
Term Loan, 4.791% 6%, 11/05/13		797	744,068
Charter Communications Operating, LLC, Replacement Term Loan, 4.67% 4.80%, 3/06/14		995	869,105
EB Sports Corp. Loan, 8.98% 8.99%, 5/01/12		1,268	976,461
Ellis Communications KDOC, LLC Loan, 10%, 12/30/11		1,948	1,558,148
Getty Images, Inc. Initial Term Loan, 7.25%, 7/02/15		500	499,219
HMH Publishing Co. Ltd.:			
Tranche A Term Loan, 6.464%, 6/12/14		1,538	1,380,246
Mezzanine, 6.464%, 11/14/14		5,690	4,551,768
Insight Midwest Holdings LLC B Term Loan, 4.47%, 4/07/14		2,025	1,944,634
Lavena Holding 3 GmbH (Prosiebensat.1 Media AG) Facility B1, 6.86% 7.526%, 3/06/15	EUR	500	504,115
NEP II Inc., Term B Loan, 5.051%, 2/16/14	USD	988	888,743
National Cinemedia LLC Term Loan, 4.54%, 2/13/15		1,500	1,349,196
Newsday LLC Fixed Rate Term Loan, 9.75%, 8/01/13		2,750	2,744,844
Nielsen Finance LLC Dollar Term Loan, 4.803%, 8/09/13		1,965	1,814,873

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Penton Media, Inc.:

Loan (Second Lien), 7.799%, 2/01/14	1,000	757,500
Term Loan (First Lien), 4.719% 5.049%, 2/01/13	987	681,375
Sitel, LLC (ClientLogic) U.S. Term Loan, 4.962% 5.359%, 1/30/14	968	751,762
Weather Channel Term Loan B, 7.25%, 6/01/15	500	483,750
		28,921,004

Metals & Mining 0.8%

Euramax International, Inc.

Domestic Term Loan, 8%, 6/29/12	1,218	982,441
Domestic Second Lien Domestic Loan, 10.791%, 6/29/13	334	222,110
Euramax International Holdings B.V. European Second Lien Loan, 10.7891%, 6/29/13	166	110,390
		1,314,941

See Notes to Financial Statements.

18 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (continued)

BlackRock Diversified Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Multiline Retail 0.7%			
Neiman Marcus Group, Inc. Term Loan, 4.422%, 4/06/13	USD	1,250	\$ 1,159,659
Oil, Gas & Consumable Fuels 2.9%			
Turbo Beta Limited Dollar Facility Assignment (Abbot Group), 14.50%, 3/15/18 (g)		1,706	1,671,674
Petroleum GEO-Services ASA/PGS Finance, Inc. Term Loan, 4.55%, 6/28/15		477	461,771
Scorpion Drilling Ltd. Second Lien, 9.969%, 5/05/15		2,000	2,020,000
Vulcan Energy Corp. (Plains Resources Inc.) Term Loan B3, 6.25%, 8/12/11		750	746,250

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			4,899,695
<hr/>			
Paper & Forest Products	0.3%		
Boise Paper Holdings, LLC (Aldabra Sub LLC),			
Tranche B First Lien Term Loan, 7.50%, 2/24/14		499	496,524
<hr/>			
Pharmaceuticals	0.8%		
Cardinal Health 409, Inc. Dollar Term Loan,			
5.051%, 4/15/14		1,485	1,295,663
<hr/>			
Professional Services	0.1%		
Booz Allen Hamilton, Inc. Tranche B Term Loan,			
7.50%, 7/31/15		250	250,104
<hr/>			
Real Estate Management & Development	1.2%		
LNR Property Corp. Initial Tranche B Term Loan,			
6.04%, 7/12/11		2,640	2,037,201
<hr/>			
Road & Rail	0.6%		
Rail America, Inc.:			
Canadian Term Loan, 6.79%, 8/04/09		100	99,561
U.S. Term Loan, 6.79%, 8/14/09		900	895,439
			<hr/>
			995,000
<hr/>			
Software	1.3%		
Aspect Software, Inc. Loan (Second Lien),			
9.875%, 7/11/12		2,500	2,250,000
<hr/>			
Specialty Retail	0.2%		
Claire s Stores Inc. Term B Loan, 5.551%, 5/29/14			
		494	329,937
<hr/>			
Wireless Telecommunication Services	0.5%		
IPC Systems, Inc. Tranche B-1 Term Loan,			
5.051%, 6/02/14		495	371,250
LT LLC (NG Wireless Corp.):			
Delay Draw Term Loan, 5.219%, 8/15/14		94	88,904
Term Loan (First Lien),			
5.219% 5.551%, 8/15/14		406	386,096
			<hr/>
			846,250
<hr/>			
Total Floating Rate Loan Interests	64.2%		108,937,575
<hr/>			

Asset-Backed Securities

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North Street Referenced Linked Notes 2000-1 Ltd. Series 2005-8A Class D, 17.276%, 6/15/41 (a)(c)		1,350	64,935
Total Asset-Backed Securities 0.0%			64,935
Capital Trusts		Par (000)	Value
Diversified Financial Services 0.7%			
Citigroup, Inc., 8.40% (b)(h)		USD 1,300	\$ 1,103,726
Total Capital Trusts 0.7%			1,103,726
Common Stocks		Shares	
Capital Markets 0.2%			
E*Trade Financial Corp. (e)		96,809	309,789
Electrical Equipment 0.3%			
Medis Technologies Ltd. (e)		176,126	551,274
Oil, Gas & Consumable Fuels 1.9%			
EXCO Resources, Inc. (e)		119,473	3,163,645
Paper & Forest Products 1.1%			
Ainsworth Lumber Co. Ltd. (a)		349,782	1,006,591
Ainsworth Lumber Co. Ltd.		311,679	895,291
			1,901,882
Total Common Stocks 3.5%			5,926,590
Preferred Stocks			
Capital Markets 0.0%			
Marsico Parent Superholdco, LLC, 16.75% (a)		48	41,040
Total Preferred Stocks 0.0%			41,040
Total Long-Term Investments (Cost \$273,636,312) 136.5%			231,607,538

Short-Term Securities	Beneficial Interest (000)	
BlackRock Liquidity Series, LLC		
Cash Sweep Series, 2.45% (i)(j)	USD 5,592	5,592,405
Total Short-Term Securities (Cost \$5,592,405) 3.3%		5,592,405
Options Purchased	Contracts	
Call Options		
Marsico Parent Superholdco LLC, expiring December 2019 at \$942.86	13	21,970
Total Options Purchased (Cost \$12,711) 0.0%		21,970
Total Investments (Cost \$279,241,428*) 139.8%		237,221,913
Liabilities in Excess of Other Assets (39.8)%		(67,514,834)
Net Assets 100.0%		\$169,707,079

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

19

Schedule of Investments (concluded)

BlackRock Diversified Income Strategies Fund, Inc.

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

Aggregate cost	\$ 279,240,217
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Gross unrealized appreciation	\$ 2,464,335
Gross unrealized depreciation	(44,482,639)
<hr/>	
Net unrealized depreciation	\$ (42,018,304)
<hr/>	

- (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) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (c) Variable rate security. Rate shown is as of report date.
- (d) The issuer filed for bankruptcy or is in default of interest payments.
- (e) Non-income producing security.
- (f) Convertible security.
- (g) Security is fair valued.
- (h) Security is perpetual in nature and has no stated maturity date.
- (i) 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 (000)	Income
<hr/>	<hr/>	<hr/>
BlackRock Liquidity Series, LLC		
Cash Sweep Series	\$3,064	\$ 96,853
<hr/>	<hr/>	<hr/>

- (j) Represents the current yield as of report date.
- (k) All or a portion of security held as collateral in connection with swap contracts.

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. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

Currency Purchased	Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation)
<hr/>	<hr/>	<hr/>	<hr/>
EUR	380,000	USD 564,149	\$ (8,322)
USD	844,985	CAD 900,000	(2,044)
USD	2,839,801	EUR 1,814,500	185,729
USD	2,797,248	EUR 1,910,000	3,488
USD	819,881	GBP 413,400	69,401

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Total	\$ 248,252
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Currency Abbreviations

CAD Canadian Dollar

EUR Euro

GBP British Pound

USD U.S. Dollar

Swaps outstanding as of August 31, 2008 were as follows:

	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Sold credit default protection on Ford Motor Co. and receive 4.2% Broker, Deutsche Bank AG London Expires March 2010	USD 4,000	\$ (801,228)
Sold credit default protection on ACES High Yield Index (10 13% Tranche) and receive 5.0% Broker, Morgan Stanley Capital Services, Inc. Expires March 2010	USD 7,000	(339,855)
Sold credit default protection on Pagesjaunes SA and receive 2.10% Broker, Lehman Brothers Special Finance Expires March 2012	EUR 2,000	(279,893)
Sold credit default protection on BAA Ferovial Junior Term Loan and receive 2.0% Broker, Deutsche Bank AG London Expires June 2012	GBP 300	(67,473)
Pay a fixed rate of 4.823% and receive a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires January 2013	USD20,000	(704,507)
Pay a fixed rate of 4.853% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Finance Expires March 2013	USD31,000	(1,139,497)
Bought credit default protection on LCDX North America High Yield Index 10.V1 and pay 5% Broker, Credit Suisse First Boston		

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International			
Expires June 2013	USD	2,000	5,728
Bought credit default protection on LCDX North America High Yield Series 10.V1 Index and pay 5%			
Broker, Morgan Stanley Capital Services, Inc.			
Expires June 2013	USD	700	28,692
Bought credit default protection on LCDX North America High Yield Index Series 10.V1 and receive 5.00%			
Broker, Morgan Stanley Capital Services, Inc.			
Expires June 2013	USD	2,100	53,264
Total			\$(3,244,769)

See Notes to Financial Statements.

20 ANNUAL REPORT AUGUST 31, 2008

Schedule of Investments August 31, 2008

BlackRock Floating Rate Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Aerospace & Defense 4.7%			
Avio Holding SpA:			
Dollar Mezzanine Term Loan 6.469%, 12/31/16	USD	2,035	\$ 1,844,618
Facility B-2, 4.594%, 12/15/14		1,669	1,505,624
Facility C-2, 5.219%, 12/15/14		1,771	1,597,729
Hawker Beechcraft Acquisition Co. LLC:			
Facility Deposit, 2.701%, 3/26/14		240	223,556
Term Loan, 4.801%, 3/26/14		4,110	3,826,540
IAP Worldwide Services, Inc. Term Loan First Lien, 8.25%, 12/30/12		2,030	1,580,330
Vought Aircraft Industries, Inc.:			
Term Loan, 4.97%, 12/22/11		2,843	2,644,132
Tranche B Line of Credit Deposit, 2.486%, 12/22/10		560	529,200
			13,751,729

Airlines 0.8%

Delta Air Lines, Inc. Credit-Linked Deposit Loan,

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2.336% 4.469%, 4/30/12		1,237	1,033,313
US Airways Group, Inc. Loan, 4.969%, 3/24/14		1,980	1,356,300
			<hr/>
			2,389,613
<hr/>	<hr/>	<hr/>	<hr/>
Auto Components 3.1%			
Affinia Group, Inc. Tranche B Term Loan, 5.799%, 11/30/11		2,544	2,359,162
Allison Transmission, Inc. Term Loan, 5.22% 5.56%, 8/27/14		4,897	4,392,144
Dana Holding Corp. Term Advance, 6.75%, 1/31/15		1,771	1,627,893
GPX International Tire Corp. Tranche B Term Loan, 9.67% 9.81%, 3/30/12		902	667,318
			<hr/>
			9,046,517
<hr/>	<hr/>	<hr/>	<hr/>
Automobiles 0.2%			
Ford Motor Co. Term Loan, 5.47%, 12/16/13		524	406,050
General Motors Corp. Secured Term Loan, 5.163%, 11/29/13		424	312,975
			<hr/>
			719,025
<hr/>	<hr/>	<hr/>	<hr/>
Beverages 0.1%			
Culligan International Co. Loan (Second Lien), 9.229% 9.615%, 5/24/13	EUR	500	366,763
<hr/>	<hr/>	<hr/>	<hr/>
Biotechnology 0.5%			
Talecris Biotherapeutics, Holdings Corp. First Lien Term Loan, 5.97% 6.31%, 12/06/13	USD	1,489	1,440,283
<hr/>	<hr/>	<hr/>	<hr/>
Building Products 2.0%			
Building Materials Corp. of America Term Loan Advance, 5.438% 5.563%, 2/24/14		2,743	2,353,374
PGT Industries, Inc. Tranche A-2 Term Loan, 7.75%, 2/14/12		2,137	1,837,653
Stile Acquisition Corp. (Aka Masonite International):			
Canadian Term Loan 4.63% 5.046%, 4/05/13		915	779,470
U.S. Term Loan, 4.630% 5.046%, 4/05/13		924	787,034
			<hr/>
			5,757,531
<hr/>	<hr/>	<hr/>	<hr/>
Capital Markets 0.5%			
RiskMetrics Group Holdings LLC Term B Loan (First Lien), 4.801%, 1/10/14		1,453	1,398,605
<hr/>	<hr/>	<hr/>	<hr/>
Floating Rate Loan Interests		Par (000)	Value

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Chemicals 8.4%

Edwards (Cayman Islands II) Limited Term Loan (First Lien), 4.81%, 5/30/14	USD	495	\$ 429,413
ElectricInvest Holding Co. Ltd. (Viridian Group PLC) Junior Term Facility, 8.735% 9.625%, 12/21/12	GBP	3,000	4,839,680
Hercules, Inc. Term B Loan, 3.969%, 10/08/10	USD	1,295	1,243,200
Huish Detergents, Inc. Tranche B Term Loan, 4.81%, 4/28/14		1,485	1,345,162
ISP Chemco LLC Term Loan, 4% 4.313%, 6/04/14		990	913,275
Ineos US Finance LLC: Term B-2 Facility, 4.885%, 12/16/13		434	366,819
Term C-2 Facility, 5.385%, 12/15/14		434	366,819
Invista Canada Co., Tranche B-2 Term Loan 4.301%, 4/29/11		951	905,378
Invista S.A.R.L., Tranche B-1 Term Loan, 4.301%, 4/29/11		2,072	1,973,276
Nalco Co. Tranche B Term Loan, 4.433% 4.92%, 11/04/10		4,490	4,414,746
PQ Corp. (Niagara Acquisition, Inc.) First Lien Term Loan, 5.92% 6.05%, 7/30/14		4,000	3,742,500
Rockwood Specialties Group, Inc. Tranche E Term Loan, 4.299%, 7/30/12		1,930	1,849,353
Solutia, Inc. Loan, 8.50%, 2/28/14		1,500	1,445,157
Wellman, Inc. Second Lien Term Loan, 9.989%, 2/10/10 (b)(c)		4,750	950,000
			24,784,778

Commercial Services & Supplies 2.4%

ARAMARK Corp.: Line of Credit Facility Letter of Credit, 2.44%, 1/27/14		211	199,552
U.S. Term Loan, 4.676%, 1/26/14		3,316	3,141,085
Brickman Group Holdings, Inc. Tranche B Term Loan, 4.801%, 1/23/14		741	662,859
Camelbak Products LLC Term Loan (First Lien), 8%, 8/04/11		615	427,274
John Maneely Co. Term Loan, 6.042% 6.048%, 12/09/13		894	877,476
West Corp. Term B-2 Loan, 4.844% 5.171%, 10/24/13		1,970	1,728,423
			7,036,669

Computers & Peripherals 0.9%

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Dealer Computer Services, Inc. (Reynolds & Reynolds)

Term Loan (First Lien), 4.801%, 10/26/12	1,866	1,726,475
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Intergraph Corp.:

Initial Term Loan (First Lien) 4.809%, 5/29/14	419	397,756
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Second Lien Term Loan 8.809%, 11/28/14	500	480,000
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2,604,231

Construction Materials 0.3%

Headwaters Inc. Term Loan B-1 (First Lien), 6.97%, 4/30/11	1,077	1,028,117
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See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

21

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
<b style="color: blue;">Containers & Packaging 1.6%		
Berry Plastics Group, Inc. Loan, 9.791%, 6/05/14 Consolidated Container Co. LLC Loan (Second Lien), 7.969% 8.31%, 9/28/14	USD 1,155 550	\$ 635,252 269,500
Graham Packaging Co., L New Term Loan, 4.938% 5.063%, 10/07/11	1,975	1,876,558
Graphic Packaging International, Inc. Incremental Term Loan, 5.535% 5.884%, 5/16/14	1,990	1,919,106
		4,700,416
<b style="color: blue;">Distributors 0.3%		
Keystone Automotive Operations, Inc. Loan, 5.963% 5.972%, 1/12/12	1,434	1,003,542
<b style="color: blue;">Diversified Consumer Services 0.9%		
Coinmach Corp. Term Loan, 5.48% 5.81%, 11/14/14	2,743	2,520,230

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Diversified Financial Services 1.7%			
DaimlerChrysler Financial Services Americas LLC			
Term Loan (First Lien), 6.78%, 8/03/12		3,980	3,153,282
J.G. Wentworth, LLC Loan (First Lien), 5.051%, 4/04/14		2,300	1,771,000
			<u>4,924,282</u>
Electrical Equipment 1.9%			
Generac Acquisition Corp. First Lien Term Loan, 5.288%, 11/11/13			
		1,304	1,007,384
Sensus Metering Systems:			
New Term B-1, 4.47% 4.81%, 12/17/10		4,578	4,440,913
Term Loan B-2, 4.47%, 12/17/10		118	114,449
			<u>5,562,746</u>
Energy Equipment & Services 0.6%			
MEG Energy Corp.:			
Delayed Draw Term Loan, 4.80%, 4/03/13		996	951,003
Initial Term Loan, 4.80%, 4/03/13		977	933,208
			<u>1,884,211</u>
Food & Staples Retailing 3.4%			
AB Acquisitions UK Topco 2 Ltd. Facility B-2 UK Borrower, 7.405%, 7/05/15			
	GBP	3,000	4,849,933
Advantage Sales & Marketing, Inc. (ASM Merger Sub, Inc.) Term Loan, 4.47% 4.81%, 3/29/13			
	USD	1,466	1,354,785
DS Waters of America Term Loan, 4.719%, 10/29/12			
		929	859,736
Liberator Midco Ltd.:			
Facility B-1, 6.735%, 10/27/14	EUR	500	699,090
Facility C-1, 7.11%, 10/27/15		489	683,310
McJunkin Corp. Term Loan, 6.051%, 1/31/14			
	USD	729	716,703
Wm. Bolthouse Farms, Inc. Second Lien Term Loan, 8.301%, 12/16/13			
		1,000	930,000
			<u>10,093,557</u>
Food Products 2.3%			
Dole Food Co., Inc.:			
Credit Linked Deposit, 2.658%, 4/12/13		256	235,228
Tranche B Term Loan, 4.5% 6%, 4/12/13		468	429,652
Eight O Clock Coffee Co. Term Loan, 5.25%, 7/31/12			
		453	435,174
Solvest, Ltd. (Dole), Tranche C Term Loan, 4.50% 6%, 4/12/13			
		1,879	1,724,515

Par

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Floating Rate Loan Interests		(000)	Value
Food Products (concluded)			
Sturm Foods, Inc.:			
Initial Term Loan First Lien, 5.25% 5.375%, 1/31/14 (d)	USD	980	\$ 798,731
Initial Term Loan Second Lien, 8.875%, 7/31/14		1,000	610,000
Wrigley Co. Term Loan B, 7.25%, 8/11/14		2,500	2,509,823
			6,743,123
Health Care Equipment & Supplies 1.5%			
Biomet, Inc. Dollar Term Loan, 5.801%, 3/25/15		2,981	2,919,743
DJO Finance LLC Term Loan, 5.469% 5.801%, 5/20/14		995	970,125
Hologic, Inc. Tranche B Term Loan, 5.75%, 3/31/13		501	497,565
			4,387,433
Health Care Providers & Services 2.6%			
CCS Medical, Inc. Term Loan (First Lien), 6.06%, 9/30/12		476	381,781
Community Health Systems, Inc. Funded Term Loan, 4.719% 5.06%, 7/25/14		3,276	3,096,420
DaVita, Inc. Tranche B-1 Term Loan, 3.97% 4.32%, 10/05/12		2,000	1,923,126
Health Management Associates, Inc. Term B Loan, 4.551%, 2/28/14		1,886	1,726,988
Sterigenics International, Inc. Tranche B Loan, 5.03% 5.39%, 11/21/13		729	667,141
			7,795,456
Hotels, Restaurants & Leisure 3.7%			
Golden Nugget, Inc.:			
Additional Term Advance (First Lien), 4.47%, 6/30/14		30	25,455
Second Lien Term Loan, 5.73%, 12/31/14		500	305,000
Term Advance (First Lien), 4.48%, 6/30/14		318	267,273
Green Valley Ranch Gaming LLC Second Lien Term Loan, 5.719%, 8/16/14		500	251,250
Greenwood Racing, Inc. Term Loan, 4.72%, 11/28/11		493	462,950
Harrah s Operating Co., Inc. Term Loan:			
B-1, 5.80% 5.801%, 1/28/15		237	208,380
B-2, 5.80% 5.801%, 1/28/15		2,793	2,446,319
B-3, 5.80% 5.801%, 1/28/15		211	185,051
Las Vegas Sands LLC:			
Delayed Draw Term Loan, 4.56%, 5/23/14		400	340,364
Tranche B Term Loan, 4.56%, 5/23/14		1,584	1,347,840

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Penn National Gaming, Inc. Term Loan B, 4.21% 4.55%, 10/03/12	1,201	1,149,244
QCE LLC Term Loan (First Lien), 4.813%, 5/05/13	989	833,827
Travelport LLC (Travelport Inc.):		
Original Post-First Amendment and Restatement		
Synthetic Line of Credit Loan, 5.051%, 8/23/13	178	149,075
Tranche B Dollar Term Loan, 4.719%, 8/23/13	889	742,959
VML US Finance LLC (Venetian Macau) Term B:		
Delayed Draw Project Loan, 5.06%, 5/25/12	750	726,250
Funded Project Loan, 5.06%, 5/27/13	1,500	1,452,500
		10,893,737

See Notes to Financial Statements.

22 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
Household Durables 2.0%		
American Residential Services LLC Term Loan (Second Lien), 12%, 4/17/15 (a)	USD 2,000	\$ 1,972,347
Simmons Bedding Co. Tranche D Term Loan, 4.50% 7.125%, 12/19/11	3,166	2,940,389
The Yankee Candle Co., Inc. Term Loan, 4.48% 4.81%, 2/06/14	1,250	1,090,625
		6,003,361
Household Products 0.5%		
Spectrum Brands, Inc.:		
Letter of Credit, 2.314%, 3/30/13	81	69,204
Dollar Term B Loan, 6.669% 6.804%, 3/30/13	1,595	1,370,480
		1,439,684

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IT Services 5.2%

Activant Solutions Inc. Term Loan, 4.688% 4.813%, 5/02/13	2,048	1,771,498
Audio Visual Services Group, Inc.:		
Loan (Second Lien), 8.31%, 8/28/14	1,000	880,000
Tranche B Term Loan (First Lien), 5.06%, 2/28/14	1,489	1,265,438
Ceridian Corp. U.S. Term Loan, 5.464%, 11/09/14	2,000	1,880,000
First Data Corp. Initial Tranche Term Loan:		
B-1, 5.222% 5.552%, 9/24/14	1,316	1,205,206
B-2, 5.222% 5.552%, 9/24/14	2,542	2,330,735
B-3, 5.551% 5.552%, 9/24/14	995	911,796
RedPrairie Corp.:		
Term Loan 5.50% 7.0%, 7/20/12	640	601,209
Loan (Second Lien) 9.298%, 1/20/13	300	258,000
SunGard Data Systems, Inc. (Solar Capital Corp.) New US Term Loan, 4.553%, 2/28/14	4,466	4,191,336
		<hr/>
		15,295,218

**Independent Power Producers
& Energy Traders 2.2%**

The AES Corp. Term Loan, 5.063% 5.10%, 8/10/11	1,571	1,534,107
Calpine Generating Co. LLC Second Priority Term Loan, 11.07%, 4/01/10	17	15,487
Texas Competitive Electric Holdings Co., LLC (TXU) Term Loan:		
B-2, 5.963% 6.303%, 10/10/29	1,489	1,387,432
B-3, 5.963% 6.303% , 10/10/14	3,970	3,692,100
		<hr/>
		6,629,126

Industrial Conglomerates 1.1%

Sequa Corp. Term Loan, 5.72% 7.25%, 12/03/14	3,493	3,324,331
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Insurance 0.2%

Alliant Holdings I, Inc. Term Loan, 5.801%, 08/21/14	496	456,550
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Internet & Catalog Retail 0.2%

FTD Group, Inc. Tranche B Term Loan, 7.50%, 8/04/14	750	727,500
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Leisure Equipment & Products 2.4%

24 Hour Fitness WorldWide, Inc. Tranche B Term Loan, 4.97% 5.17%, 6/08/12	3,910	3,636,300
Easton-Bell Sports, Inc. Tranche B Term Loan, 4.22% 4.44%, 3/16/12	3,234	2,910,630

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Floating Rate Loan Interests		Par (000)	Value
Leisure Equipment & Products (concluded)			
Fender Musical Instruments Corp.:			
Delayed Draw Loan, 5.06%, 6/09/14	USD	167	\$ 146,077
Initial Loan, 5.05% 5.17%, 6/09/14		331	289,232
			6,982,239
Machinery 3.5%			
Harrington Holdings, Inc. Term Loan (First Lien), 4.719%, 1/11/14			
		988	915,906
NACCO Materials Handling Group Loan, 4.469% 4.828%, 3/21/13			
		1,470	1,278,900
Navistar International Corp.:			
Revolving Credit Linked Deposit, 5.686% 6.046%, 1/19/12			
		1,333	1,228,333
Term Advance, 6.045% 6.292%, 1/19/12			
		3,667	3,377,917
OshKosh Truck Corp. Term B Loan, 4.22% 4.43%, 12/06/13			
		1,865	1,696,372
Trimas Co. LLC:			
Tranche B-1 Loan, 2.463%, 8/02/13			
		375	339,375
Tranche B Term Loan, 4.72% 5.045%, 8/02/13			
		1,597	1,444,889
			10,281,692
Media 24.3%			
Affinion Group Holdings, Inc. Loan, 9.368%, 3/01/12			
		2,000	1,677,500
AlixPartners, LLP Tranche C Term Loan, 4.79%, 10/12/13			
		1,591	1,530,994
Bresnan Communications, LLC Additional Term Loan B (First Lien), 5.02%, 6/30/13			
		1,500	1,430,000
Catalina Marketing Corp. Initial Term Loan, 5.801%, 10/01/14			
		1,741	1,634,003
Cengage Learning Acquisitions, Inc. (Thomson Learning):			
Term Loan 4.97%, 7/03/14			
		1,489	1,292,887
Term Loan B2, 7.50%, 7/05/14			
		6,250	6,187,500
Cequel Communications LLC (Cebridge):			
2nd Lien Tranche A Term Loan (Cash Pay), 7.301%, 5/05/14			
		2,000	1,752,000
Term Loan, 4.791% 6.0%, 11/05/13			
		2,132	1,990,074
Charter Communications, Operating LLC			
Replacement Term Loan, 4.67% 4.80%, 3/06/14			
		7,463	6,518,285
Clarke American Corp. Tranche B Term Loan, 5.291% 5.301%, 6/30/14			
		990	813,780

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Emmis Operating Co. Tranche B Term Loan, 4.801% 4.810%, 11/01/13	564	491,299
GateHouse Media Operating, Inc.:		
Delayed Draw Term Loan, 4.80% 4.81%, 8/28/14	306	164,658
Initial Term Loan B, 4.81%, 8/28/14	1,235	663,988
Getty Images, Inc. Initial Term Loan, 7.25%, 7/02/15	1,000	998,438
Gray Television, Inc. Term Loan B DD, 3.97% 4.29%, 12/31/14	900	747,034
Hanley-Wood LLC Term Loan, 4.711% 4.717%, 3/08/14	1,493	1,158,553
HMH Publishing Co. Ltd. (Education Media):		
Tranche A Term Loan, 6.464%, 11/14/14	2,636	2,366,136
Mezzanine Tranche A Term Loan, 6.464%, 6/12/14	9,310	7,448,348

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

23

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Media (concluded)			
Insight Midwest Holdings, LLC B Term Loan, 4.47%, 4/07/14	USD	3,375	\$ 3,241,056
Intelsat Corp. Term:			
B-2-A, 5.288%, 1/03/14		1,346	1,280,482
B-2-B, 5.288%, 1/03/14		1,346	1,280,096
B-2-C, 5.288%, 1/03/14		1,346	1,280,096
Intelsat Subsidiary Holding Co. Ltd. Tranche B Term Loan, 5.288%, 7/03/13		1,916	1,837,495
Knology, Inc. Term Loan, 5.038%, 6/30/12		742	683,100
Lavena Holding 3 GmbH (Prosiebensat.1 Media AG):			
Facility B-1 6.86% 7.526%, 3/06/15	EUR	500	504,115
Facility C-1 7.11% 7.776%, 3/04/16		500	504,115
MCC Iowa LLC (Mediacom Broadband Group) Tranche A Term Loan, 3.97% 3.98%, 3/31/10	USD	1,137	1,080,625
MCNA Cable Holdings LLC (OneLink Communications)			

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Loan, 9.62%, 3/01/13 (d)		1,123	985,718
Mediacom Illinois, LLC (Mediacom Communications, LLC) Tranche C Term Loan, 4.22% 4.23%, 1/31/15		3,113	2,873,708
Mediannuaire Holding (Pages Jaunes) Term Loan D, 8.736%, 4/08/16	EUR	500	547,943
Metro-Goldwyn-Mayer, Inc. Tranche B Term Loan, 6.051%, 4/09/12	USD	3,832	2,885,954
Multicultural Radio Broadcasting, Inc. Term Loan, 5.422%, 12/18/12		349	314,100
National Cinemedia LLC Term Loan, 4.54%, 2/13/15		1,000	899,464
Newsday LLC Fixed Rate Term Loan, 9.75%, 8/01/13		2,250	2,245,781
NextMedia Operating, Inc.:			
Delay Draw Term Loan, 6.466%, 11/15/12		314	273,524
Initial Term Loan First Lien, 6.472%, 11/15/12		419	364,492
Second Lien Term Loan, 9.47%, 11/15/13		1,754	1,385,995
Nielsen Finance LLC Dollar Term Loan, 4.803%, 8/09/13		5,895	5,444,619
Penton Media, Inc. Loan (Second Lien), 7.799%, 2/01/14		1,000	690,000
Sitel, LLC (ClientLogic) U.S. Term Loan, 4.962% 5.359%, 1/30/14		968	751,762
Sunshine Acquisition Limited (HIT Entertainment) Term Facility, 4.80%, 3/20/12		732	625,889
Weather Channel Term Loan B, 7.25%, 6/01/15		750	725,625
			71,571,231
Multi-Utilities 1.9%			
Coletto Creek Power, LP (Coletto Creek WLE, LP) (First Lien):			
Synthetic Letter of Credit, 2.701%, 6/28/13		127	114,650
Term Loan, 5.551%, 6/28/13		1,812	1,630,811
Energy Transfer Equity, LP Term Loan, 4.553%, 11/01/12		1,000	968,542
FirstLight Power Resources, Inc. Second Lien Term Loan, 7.313%, 5/01/14		500	453,750
Riverside Energy Center Term Loan, 7.049%, 6/24/11		1,566	1,566,076
Rocky Mountain Energy Center LLC:			
Credit Linked Deposit, 2.699%, 6/24/11		134	133,966
Term Loan, 7.049%, 6/24/11		784	783,587
			5,651,382
Multiline Retail 1.2%			
Neiman Marcus Group, Inc. Term Loan, 4.422%, 4/06/13		3,734	3,464,297

Par

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Floating Rate Loan Interests		(000)	Value
Oil, Gas & Consumable Fuels 2.0%			
Big West Oil, LLC:			
Delayed Advanced Loan, 4.471% 4.68%, 5/15/14	USD	550	\$ 484,000
Initial Advance Loan, 4.68%, 5/15/14		440	387,200
Coffeyville Resources LLC:			
Funded Letter of Credit, 2.691%, 12/28/10		486	442,703
Tranche D Term Loan, 5.541% 6.75%, 12/30/13		1,575	1,433,006
Petroleum Geo-Services ASA/PGS Finance, Inc.			
Term Loan, 4.55%, 6/28/15		953	923,542
Vulcan Energy Corp.			
Term Loan B3, 6.25%, 8/12/11		1,500	1,492,500
Western Refining, Inc. Term Loan, 7.75%, 5/30/14		991	854,076
			6,017,027
Paper & Forest Products 2.5%			
Boise Paper Holdings LLC (Aldabra Sub LLC),			
Tranche B Term Loan (First Lien), 7.50%, 2/24/14		1,247	1,241,309
Georgia-Pacific LLC Term Loan B,			
4.219% 4.551%, 12/20/12		3,374	3,185,503
NewPage Corp. Tem Loan, 6.563%, 12/22/14			
		1,244	1,211,723
Verso Paper Finance Holdings LLC Loan,			
9.033%, 2/01/13		1,850	1,734,600
			7,373,135
Pharmaceuticals 0.9%			
Cardinal Health 409, Inc.:			
Dollar Term Loan 5.051%, 4/10/14		1,485	1,295,663
Term Loan 7.205%, 4/10/14	EUR	990	1,278,094
			2,573,757
Professional Services 0.2%			
Booz Allen Hamilton, Inc. Tranche B Term Loan,			
7.50%, 7/31/15	USD	500	500,209
Real Estate 0.6%			
Realogy Corp. Initial Term Loan B, 5.462%, 10/10/13			
		1,980	1,634,326
Real Estate Management & Development 0.3%			
Mattamy Funding Partnership Loan,			
5.063%, 4/11/13		978	813,769
Road & Rail 0.5%			
Rail America, Inc.:			

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Canadian Term Loan 6.79%, 8/14/09	130		129,809
U.S. Term Loan, 6.79%, 8/14/09	1,370		1,362,691
			1,492,500
<hr/>			
Semiconductors & Semiconductor Equipment 0.3%			
Marvell Technology Group, Ltd. Loan, 4.969%, 11/09/09	964		954,113
			1,806,323
<hr/>			
Specialty Retail 0.6%			
Adesa, Inc. (KAR Holdings Inc.) Initial Term Loan, 5.06%, 10/21/13	1,474		1,311,418
Claire's Stores Inc. Term B Loan, 5.219% 5.56%, 5/29/14	741		494,905
			1,806,323
<hr/>			
Textiles, Apparel & Luxury Goods 0.1%			
Renfro Corp. Tranche B Term Loan, 5.92% 6.06%, 10/04/13	463		380,713
			380,713
<hr/>			

See Notes to Financial Statements.

24 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
<hr/>		
Wireless Telecommunication Services 0.7%		
Centennial Cellular Operating Co. New Term Loan, 4.469% 4.80%, 2/09/11	USD 931	\$ 911,288
IPC Systems, Inc. Tranche B-1 Term Loan, 5.051%, 6/02/14	990	742,500
LT LLC:		
Delay Draw Term Loan, 5.219%, 8/15/14	94	88,904
Term Loan (First Lien), 5.219% 5.551%, 8/15/14	406	386,096
		386,096

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			2,128,788
Floating Rate Loan Interests	97.8%		288,333,865
Corporate Bonds			
Auto Components 0.3%			
The Goodyear Tire & Rubber Co., 6.678%, 12/01/09 (e)		1,000	1,000,000
Building Products 1.8%			
CPG International I, Inc.: 9.904%, 7/01/12 (e)		3,500	2,660,000
10.50%, 7/01/13		3,000	2,310,000
Momentive Performance Materials, Inc. Series WI, 9.75%, 12/01/14		500	451,250
			5,421,250
Capital Markets 2.3%			
E*Trade Financial Corp., 12.50%, 11/30/17 (f)		5,000	5,350,000
Marsico Parent Co., LLC, 10.625%, 1/15/16 (f)		1,168	981,120
Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (d)(f)		430	356,759
Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (d)(f)		290	240,834
			6,928,713
Chemicals 1.8%			
GEO Specialty Chemicals Corp., 7.50%, 3/31/15 (a)(d)(f)		790	591,331
11.283%, 12/31/09		1,319	987,601
Hexion U.S. Finance Corp., 7.304%, 11/15/14 (e)		4,000	3,050,000
NOVA Chemicals Corp., 5.953%, 11/15/13 (e)		985	847,100
			5,476,032
Commercial Services & Supplies 2.3%			
ARAMARK Corp., 6.301%, 2/01/15 (e)		2,000	1,860,000
Allied Waste North America, Inc. Series B, 7.375%, 4/15/14		3,375	3,408,750
US Investigations Services, Inc., 10.50%, 11/01/15 (f)		1,600	1,424,000
			6,692,750

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		Par (000)	Value
Construction & Engineering 0.2%			
Dycom Industries, Inc., 8.125%, 10/15/15		600	561,000
Construction Materials 1.1%			
Nortek Holdings, Inc., 10%, 12/01/13 (f)		3,420	3,197,700
Corporate Bonds			
Containers & Packaging 2.0%			
Berry Plastics Holding Corp., 6.651%, 9/15/14 (e)	USD	1,450	\$ 1,087,500
Clondalkin Acquisition BV, 4.776%, 12/15/13 (e)(f)		4,000	3,320,000
Packaging Dynamics Finance Corp., 10%, 5/01/16 (f)		2,350	1,586,250
			5,993,750
Diversified Financial Services 1.7%			
FCE Bank Plc, 7.125%, 1/16/12	EUR	4,000	4,894,420
Diversified Telecommunication Services 0.5%			
Qwest Corp., 6.026%, 6/15/13 (e)	USD	1,450	1,341,250
Electronic Equipment & Instruments 0.6%			
NXP BV, 5.541%, 10/15/13 (e)		2,390	1,858,225
Food & Staples Retailing 0.1%			
AmeriQual Group LLC, 9%, 4/01/12 (f)		250	162,500
Health Care Equipment & Supplies 2.7%			
DJO Finance LLC (ReAble Therapeutics Finance LLC), 10.875%, 11/15/14		8,000	8,020,000
Hotels, Restaurants & Leisure 2.6%			
American Real Estate Partners LP, 7.125%, 2/15/13		5,000	4,368,750
Harrah s Operating Co., Inc. (f): 10.75%, 2/01/16		2,503	1,683,267
10.75%, 2/01/18 (d)		426	251,618
Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (f)		1,565	1,302,862
			7,606,497
Household Durables 0.0%			
The Yankee Candle Co., Inc., 9.75%, 2/15/17		240	152,400

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IT Services 0.6%

First Data Corp., 9.875%, 9/24/15 (f)		2,000	1,725,000
---------------------------------------	--	-------	-----------

Independent Power Producers

& Energy Traders 0.4%

Texas Competitive Electric Holdings Co. LLC 10.25%, 11/01/15 (b)		1,230	1,226,925
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Industrial Conglomerates 0.6%

Sequa Corp. (f): 11.75%, 12/01/15		640	563,200
13.50%, 12/01/15 (d)		1,489	1,212,657
			1,775,857

Insurance 1.7%

American International Group, Inc., 8.25%, 8/15/18 (f)		5,000	4,929,105
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Machinery 0.5%

Ahern Rentals, Inc., 9.25%, 8/15/13		250	161,250
Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (f)		2,000	1,460,000
			1,621,250

Media 1.5%

CSC Holdings, Inc. Series B, 7.625%, 4/01/11		2,000	2,010,000
Cablevision Systems Corp. Series B, 8%, 4/15/12		575	569,250
Nielsen Finance LLC, 10%, 8/01/14		1,000	1,012,500
Windstream Regatta Holdings, Inc., 11%, 12/01/17 (f)		1,244	721,520
			4,313,270

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

25

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund, Inc.

(Percentages shown are based on Net Assets)

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Corporate Bonds	Par (000)	Value
Metals & Mining 2.1%		
FMG Finance Property Ltd., 6.811%, 9/01/11 (e)(f)	USD 265	\$ 259,700
Freeport-McMoRan Copper & Gold, Inc., 5.883%, 4/01/15 (e)	4,220	4,231,141
Ryerson, Inc., 10.176%, 11/01/14 (e)(f)	1,680	1,604,400
		6,095,241
Oil, Gas & Consumable Fuels 0.5%		
SandRidge Energy, Inc., 6.416%, 4/01/14 (e)(f)	1,600	1,500,513
Paper & Forest Products 3.1%		
Abitibi-Consolidated, Inc., 6.276%, 6/15/11 (e)	2,650	1,212,375
Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (f)	1,124	901,698
Domtar Corp., 7.125%, 8/15/15	625	603,125
NewPage Corp.: 9.051%, 5/01/12 (e)	925	867,187
10%, 5/01/12	2,000	1,940,000
Verso Paper Holdings LLC Series B, 6.551%, 8/01/14 (e)	4,000	3,560,000
		9,084,385
Pharmaceuticals 0.3%		
Angiotech Pharmaceuticals, Inc., 6.56%, 12/01/13 (e)	1,000	885,000
Real Estate Management & Development 0.4%		
Realogy Corp., 5.462%, 10/10/13	2,530	1,189,100
Road & Rail 0.0%		
Swift Transportation Co., Inc., 10.554%, 5/12/15 (e)(f)	350	122,500
Semiconductors & Semiconductor Equipment 1.0%		
Avago Technologies Finance Ltd., 8.311%, 6/01/13 (e)	900	900,000
Spansion, Inc., 5.935%, 6/01/13 (e)(f)	2,870	1,994,650
		2,894,650
Specialty Retail 0.3%		
AutoNation, Inc., 4.791%, 4/15/13	250	206,250
General Nutrition Centers, Inc., 7.199%, 3/15/14 (d)(e)	700	585,583

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		791,833
<hr/>		
Wireless Telecommunication Services 0.6%		
Cricket Communications, Inc., 9.375%, 11/01/14	370	366,762
Digicel Group Ltd., 9.125%, 1/15/15 (d)(f)	277	251,242
Sprint Capital Corp., 7.625%, 1/30/11	1,100	1,100,000
		<hr/>
		1,718,004
<hr/>		
Total Corporate Bonds 33.6%		99,179,120
<hr/>		

Common Stocks	Shares	
<hr/>		
Capital Markets 0.3%		
E*Trade Financial Corp. (b)	242,021	774,467
<hr/>		
Chemicals 0.0%		
GEO Specialty Chemicals, Inc. (a)(b)	13,117	5,036
<hr/>		
Electrical Equipment 0.1%		
Medis Technologies Ltd. (b)	71,654	224,277
<hr/>		

Common Stocks	Shares	Value
<hr/>		
Energy Equipment & Services 0.9%		
Trico Marine Services, Inc. (b)	119,185	\$ 2,830,644
<hr/>		
Paper & Forest Products 0.3%		
Ainsworth Lumber Co. Ltd. (f)	152,951	440,157
Ainsworth Lumber Co. Ltd.	136,290	391,489
Western Forest Products, Inc. (b)	84,448	68,398
		<hr/>
		900,044
<hr/>		
Total Common Stocks 1.6%		4,734,468
<hr/>		

Preferred Stocks		
<hr/>		
Capital Markets 0.0%		
Marsico Parent Superholdco, LLC, 16.75% (f)	78	66,690
<hr/>		

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Total Preferred Stocks 0.0%		66,690
<hr/>		
Warrants (h)		
<hr/>		
Electric Utilities 0.0%		
Reliant Resources (expires 10/25/08)	4,558	54,423
<hr/>		
Total Warrants 0.0%		54,423
<hr/>		
Total Long-Term Investments (Cost \$436,720,652) 133.0%		392,368,566
<hr/>		
	Beneficial Interest (000)	
<hr/>		
Short-Term Securities		
<hr/>		
BlackRock Liquidity Series, LLC Cash Sweep Series, 2.41% (i)(j)	USD 1,635	1,634,669
<hr/>		
Total Short-Term Securities (Cost \$1,634,669) 0.6%		1,634,669
<hr/>		
	Contracts	
<hr/>		
Options Purchased		
<hr/>		
Call Options Purchased		
Marsico Parent Superholdco LLC, expiring December 2019 at \$942.86	20	33,800
<hr/>		
Total Options Purchased (Cost \$19,556) 0.0%		33,800
<hr/>		
Total Investments (Cost \$438,374,877*) 133.6%		394,037,035
Liabilities in Excess of Other Assets (33.6)%		(99,032,232)
<hr/>		
Net Assets 100.0%		\$295,004,803
<hr/>		

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

Aggregate cost	\$438,320,267
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Gross unrealized appreciation	\$ 3,360,436
Gross unrealized depreciation	(47,643,668)
Net unrealized depreciation	\$ (44,283,232)

See Notes to Financial Statements.

26 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (concluded)

BlackRock Floating Rate Income Strategies Fund, Inc.

- (a) Security is fair valued.
- (b) Non-income producing security.
- (c) Issuer filed for bankruptcy or is in default of interest payments.
- (d) Represents a payment-in-kind security which may pay interest/dividends in addition par/shares.
- (e) Variable rate security. Rate shown is as of report date.
- (f) 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.
- (g) Convertible security.
- (h) 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.
- (i) 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 (000)	Income
BlackRock Liquidity Series, LLC		
Cash Sweep Series	\$1,635	\$116,423

- (j) 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

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may combine industry sub-classifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

Currency Purchased		Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation)
USD	295,745	CAD	10/23/08	\$ (715)
USD	8,265,641	GBP	10/23/08	699,669
USD	4,838,801	EUR	10/23/08	6,034
USD	8,806,593	EUR	10/23/08	575,970
Total				\$ 1,280,958

Swaps outstanding as of August 31, 2008 were as follows:

	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Sold credit default protection on Ford Motor Co. and receive 3.80% Broker, UBS Warburg Expires March 2010	USD 10,000	\$(2,055,880)
Bought credit default protection on LCDX North America High Yield Index 10.V1 and pay 5% Broker, Credit Suisse Expires June 2013	USD 4,000	11,456
Bought credit default protection on LCDX North America High Yield Series 10.V1 Index and pay 5% Broker, Morgan Stanley Capital Services Expires June 2013	USD 1,200	49,187
Bought credit default protection on LCDX North America High Yield Index Series 10.V1 and receive 5% Broker, Morgan Stanley Capital Services Expires June 2013	USD 3,600	91,310
Total		\$(1,903,927)

Currency Abbreviations

CAD Canadian Dollar**EUR** Euro**GBP** British Pound**USD** U.S. Dollar

See Notes to Financial Statements.

ANNUAL REPORT AUGUST 31, 2008 27

Statements of Assets and Liabilities

August 31, 2008	BlackRock Defined Opportunity Credit Trust	BlackRock Diversified Income Strategies Fund, Inc.	BlackRock Floating Rate Income Strategies Fund, Inc.
Assets			
Investments at value unaffiliated ¹	\$ 178,984,863	\$ 231,629,508	\$ 392,402,366
Investments at value affiliated ²	2,365,561	5,592,405	1,634,669
Unrealized appreciation on foreign currency exchange contracts	885,661	258,618	1,281,673
Unrealized appreciation on unfunded corporate loans	4,973	2,059	
Unrealized appreciation on swaps	391,498	87,684	151,953
Foreign currency at value ³	104,684	75,512	320,965
Cash	151,800	934,251	956,591
Swap premium paid	113,792	249,847	467,128
Interest receivable	1,268,438	3,851,368	4,927,778
Investments sold receivable	299,708	650,794	2,712,078
Dividends receivable		16,822	
Swaps receivable	141,449	368,462	78,111
Commitment fees receivable	827	80	2,859
Principal paydown receivable	148,941		106,241
Other assets			20,203
Prepaid expenses	1,024	6,294	12,115
Total assets	184,863,219	243,723,704	405,074,730
Liabilities			
Loan payable	38,500,000	65,500,000	101,500,000
Unrealized depreciation on unfunded corporate loans			182,608
Unrealized depreciation on foreign currency exchange contracts		10,366	715
Unrealized depreciation on swaps	200,702	3,332,453	2,055,880
Investments purchased payable	17,120,314	3,890,113	5,372,509
Swap premium received	702,992		
Swaps payable	38,414	839,898	90,445

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Interest on loans payable	140,982	49,648	76,382
Deferred income	21,279	4,683	20,671
Officers and Directors /Trustees fees payable	70	105	181
Investment advisory fees payable	137,493	149,719	257,815
Income dividends payable	200,836	181,406	234,150
Other liabilities			221,688
Other affiliates payable	835	1,150	1,959
Other accrued expenses payable	104,154	57,084	54,924
	<hr/>	<hr/>	<hr/>
Total liabilities	57,168,071	74,016,625	110,069,927
	<hr/>	<hr/>	<hr/>

Net Assets	\$ 127,695,148	\$ 169,707,079	\$ 295,004,803
	<hr/>	<hr/>	<hr/>

Net Assets Consist of

Par value per share ⁴	\$ 8,924	\$ 1,217,688	\$ 1,830,503
Paid-in capital in excess of par	127,081,012	230,357,607	347,369,214
Undistributed (distribution in excess of) net investment income	(1,438,090)	(175,645)	848,640
Accumulated net realized gain (loss)	754,018	(16,661,101)	(9,717,445)
Net unrealized appreciation/depreciation	1,289,284	(45,031,470)	(45,326,109)
	<hr/>	<hr/>	<hr/>

Net Assets	\$ 127,695,148	\$ 169,707,079	\$ 295,004,803
	<hr/>	<hr/>	<hr/>

Net asset value ⁵	\$ 14.31	\$ 13.94	\$ 16.12
	<hr/>	<hr/>	<hr/>

¹ Investments at cost unaffiliated	\$ 178,870,725	\$ 273,649,023	\$ 436,740,208
	<hr/>	<hr/>	<hr/>

² Investments at cost affiliated	\$ 2,365,561	\$ 5,592,405	\$ 1,634,669
	<hr/>	<hr/>	<hr/>

³ Foreign currency at cost	\$ 108,221	\$ 81,554	\$ 385,705
	<hr/>	<hr/>	<hr/>

⁴ Par value per share	\$ 0.001	\$ 0.10	\$ 0.10
	<hr/>	<hr/>	<hr/>

⁵ Shares outstanding	8,923,781	12,176,877	18,305,029
	<hr/>	<hr/>	<hr/>

See Notes to Financial Statements.

28 ANNUAL REPORT

AUGUST 31, 2008

Statements of Assets and Liabilities (concluded)

August 31, 2008	BlackRock Senior Floating Rate Fund, Inc.	Blackrock Senior Floating Rate Fund II, Inc.
Assets		
Investments at value Master Senior Floating Rate (the Master LLC ¹)	\$ 401,277,239	\$ 187,470,780
Capital shares sold receivable	948,417	482,431
Prepaid expenses	197,333	102,912
Total assets	402,422,989	188,056,123
Liabilities		
Income dividends payable	1,879,853	818,231
Contributions payable to the Master LLC	948,417	482,431
Administration fees payable	87,067	65,155
Other affiliates payable	50,305	15,336
Officers and Directors fees payable	176	83
Other accrued expenses payable	56,950	37,838
Total liabilities	3,022,768	1,419,074
Net Assets	\$ 399,400,221	\$ 186,637,049
Net Assets Consist of		
Par value \$0.10 per share, 1,000,000,000 shares authorized ²	\$ 5,006,721	\$ 2,152,464
Paid-in capital in excess of par	779,362,080	241,495,817
Undistributed (distributions in excess of) net investment income	168,069	85,109
Accumulated net realized loss allocated from the Master LLC	(344,664,509)	(37,787,505)
Net unrealized appreciation/depreciation allocated from the Master LLC	(40,472,140)	(19,308,836)
Net Assets	\$ 399,400,221	\$ 186,637,049
Net asset value	\$ 7.98	\$ 8.67
¹ Cost investment in Master LLC	\$ 441,749,379	\$ 206,779,616
² Shares outstanding	50,067,209	21,524,638

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

29

Statements of Operations

Period Ended August 31, 2008	BlackRock Defined Opportunity Credit Trust ¹	BlackRock Diversified Income Strategies Fund, Inc.	BlackRock Floating Rate Income Strategies Fund, Inc.
Investment Income			
Interest	\$ 5,195,495	\$ 24,378,276	\$ 34,254,742
Income from affiliates	201,589	96,853	116,423
Dividends		228,564	
Facility and other fees	10,610	143,973	293,297
Total income	5,407,694	24,847,666	34,664,462
Expenses			
Investment advisory	819,830	1,891,120	3,099,424
Professional	121,603	91,948	110,821
Borrowing	35,639	130,054	218,344
Printing	28,508	41,010	43,704
Organization	22,000		
Accounting services	17,276	48,422	78,127
Transfer agent	16,792	11,988	6,713
Custodian	9,788	22,479	29,034
Officer and Directors/Trustees	5,465	19,953	30,447
Registration		9,301	8,811
Miscellaneous	18,091	55,997	53,674
Total expenses excluding interest expense	1,094,992	2,322,272	3,679,099
Interest expense	226,490	2,900,068	4,459,934
Total expenses	1,321,482	5,222,340	8,139,033
Less fees paid indirectly	(2,171)	(3,352)	(8,331)

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Total expenses after fees paid indirectly	1,319,311	5,218,988	8,130,702
Net investment income	4,088,383	19,628,678	26,533,760
Realized and Unrealized Gain (Loss)			
Net realized gain (loss) from:			
Investments	818,649	(12,882,299)	(9,896,537)
Options written		120,000	240,000
Swaps	309,504	435,766	431,225
Foreign currency	(487,037)	(778,962)	(1,201,198)
	641,116	(13,105,495)	(10,426,510)
Change in unrealized appreciation/depreciation on:			
Investments	114,138	(25,093,510)	(26,883,532)
Swaps	190,796	(3,534,065)	(1,210,581)
Foreign currency	979,377	131,776	959,688
Unfunded corporate loans	4,973	35,671	288,554
	1,289,284	(28,460,128)	(26,845,871)
Total realized and unrealized gain (loss)	1,930,400	(41,565,623)	(37,272,381)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 6,018,783	\$ (21,936,945)	\$ (10,738,621)

¹ Period January 31, 2008 (commencement of operations) to August 31, 2008.

See Notes to Financial Statements.

30 ANNUAL REPORT

AUGUST 31, 2008

Statements of Operations (concluded)

Year Ended August 31, 2008	BlackRock Senior Floating Rate Fund, Inc.	B Senior Rate Fun
Investment Income		

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Net Investment income allocated from the Master LLC:

Interest	\$ 32,028,272	\$ 15
Facility and other fees	183,442	
Expenses	(4,494,138)	(2)
Total income	27,717,576	13

Expenses

Administration fees	1,079,210	
Transfer agent	358,783	
Tender offer fees	193,052	
Printing	80,258	
Professional	64,407	
Registration	43,674	
Officer and Directors	1,097	
Miscellaneous	13,363	
Total expenses	1,833,844	1
Recovery of filing fees	(791,591)	(6)
Total expenses after recovery of filing fees	1,042,253	5
Net investment income	26,675,323	12

Realized and Unrealized Gain (Loss) Allocated from the Master LLC

Net realized gain (loss) from:		
Investments	(14,460,254)	(6)
Swaps	182,591	
Foreign currency	(84,846)	
	(14,362,509)	(6)
Net change in unrealized appreciation/depreciation on investments, swaps, foreign currency and unfunded corporate loans	(18,260,695)	(8)
Total realized and unrealized loss	(32,623,204)	(15)
Net Decrease in Net Assets Resulting from Operations	\$ (5,947,881)	\$ (3)

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

31

Statements of Changes in Net Assets

BlackRock Defined Opportunity Credit Trust

	Period January 31, 2008 ¹ to August 31, 2008
Increase (Decrease) in Net Assets:	
Operations	
Net investment income	\$ 4,088,383
Net realized gain	641,116
Net change in unrealized appreciation/depreciation	1,289,284
Net increase in net assets resulting from operations	6,018,783
Dividends and Distributions to Shareholders From	
Net investment income	(5,435,571)
Tax return of capital	(481,911)
Decrease in net assets resulting from dividends and distributions to shareholders	(5,917,482)
Capital Share Transactions	
Net proceeds from the issuance of shares	127,448,000
Capital charges with respect to issuance of shares	(200,500)
Reinvestment of dividends	224,341
Net increase in net assets resulting from share transactions	127,471,841
Net Assets	
Total increase in net assets	127,573,142
Beginning of period	122,006
End of period	\$ 127,695,148
End of period distributions in excess of net investment income	\$ (1,438,090)

¹ Commencement of operations.

**BlackRock Diversified Income Strategies
Fund, Inc.**

Year Ended August 31,

Increase (Decrease) in Net Assets:	2008	2007
Operations		
Net investment income	\$ 19,628,678	\$ 22,055,888
Net realized loss	(13,105,495)	(1,329,450)
Net change in unrealized appreciation/depreciation	(28,460,128)	(13,696,073)
Net increase (decrease) in net assets resulting from operations	(21,936,945)	7,030,365
Dividends and Distributions to Shareholders From		
Net investment income	(20,910,360)	(21,741,425)
Tax return of capital	(443,389)	
Decrease in net assets resulting from dividends and distributions to shareholders	(21,353,749)	(21,741,425)
Capital Share Transactions		
Reinvestment of dividends	205,747	3,347,551
Net Assets		
Total decrease in net assets	(43,084,947)	(11,363,509)
Beginning of year	212,792,026	224,155,535
End of year	\$ 169,707,079	\$ 212,792,026
End of year undistributed (distributions in excess of) net investment income	\$ (175,645)	\$ 1,905,486
See Notes to Financial Statements.		

32 ANNUAL REPORT

AUGUST 31, 2008

Statements of Changes in Net Assets

**BlackRock Floating Rate Income Strategies
Fund, Inc.**

Year Ended August 31,

Increase (Decrease) in Net Assets:	2008	2007
Operations		

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Net investment income	\$ 26,533,760	\$ 28,102,505
Net realized gain (loss)	(10,426,510)	2,341,072
Net change in unrealized appreciation/depreciation	(26,845,871)	(21,949,912)
	<hr/>	<hr/>
Net increase (decrease) in net assets resulting from operations	(10,738,621)	8,493,665
	<hr/>	<hr/>

Dividends to Shareholders From

Net investment income	(28,321,303)	(28,142,426)
	<hr/>	<hr/>

Net Assets

Total decrease in net assets	(39,059,924)	(19,648,761)
Beginning of year	334,064,727	353,713,488
	<hr/>	<hr/>
End of year	\$ 295,004,803	\$ 334,064,727
	<hr/>	<hr/>
End of year undistributed net investment income	\$ 848,640	\$ 4,037,077
	<hr/>	<hr/>

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

Increase (Decrease) in Net Assets:	2008	2007
	<hr/>	<hr/>
Operations		
	<hr/>	<hr/>
Net investment income	\$ 26,675,323	\$ 36,717,895
Net realized loss	(14,362,509)	(30,570,377)
Net change in unrealized appreciation/depreciation	(18,260,695)	11,735,034
	<hr/>	<hr/>
Net increase (decrease) in net assets resulting from operations	(5,947,881)	17,882,552
	<hr/>	<hr/>
Dividends to Shareholders From		
	<hr/>	<hr/>
Net investment income	(26,664,539)	(36,713,751)
	<hr/>	<hr/>
Capital Share Transactions		
	<hr/>	<hr/>
Net decrease in net assets resulting from share transactions	(73,502,678)	(77,460,238)
	<hr/>	<hr/>
Net Assets		
	<hr/>	<hr/>
Total decrease in net assets	(106,115,098)	(96,291,437)
	<hr/>	<hr/>

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Beginning of year	505,515,319	601,806,756
End of year	\$ 399,400,221	\$ 505,515,319
End of year undistributed (distributions in excess of) net investment income	\$ 168,069	\$ (12,366)

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

33

Statements of Changes in Net Assets

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

Increase (Decrease) in Net Assets:	2008	2007
Operations		
Net investment income	\$ 12,299,609	\$ 17,225,300
Net realized loss	(6,857,340)	(4,430,328)
Net change in unrealized appreciation/depreciation	(8,921,385)	(4,878,870)
Net increase (decrease) in net assets resulting from operations	(3,479,116)	7,916,102
Dividends to Shareholders From		
Net investment income	(12,294,014)	(17,223,323)
Capital Share Transactions		
Net decrease in net assets resulting from share transactions	(45,450,688)	(65,033,937)
Net Assets		
Total decrease in net assets	(61,223,818)	(74,341,158)
Beginning of year	247,860,867	322,202,025
End of year	\$ 186,637,049	\$ 247,860,867
End of year undistributed net investment income	\$ 85,109	\$ 3,998

See Notes to Financial Statements.

34 ANNUAL REPORT

AUGUST 31, 2008

Statements of Cash Flows

August 31, 2008	BlackRock Diversified Income Strategies Fund, Inc.	BlackRock Floating R Inco Strateg Fund, I
Cash Provided by Operating Activities		
Net decrease in net assets resulting from operations	\$ (21,936,945)	\$ (10,738,6
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:		
Decrease in receivables	1,904,475	1,674,9
Increase in prepaid expenses and other assets	(3,105)	(24,9
Decrease in other liabilities	(148,935)	13,4
Swap premium received	(274,560)	(400,9
Swap premium paid	68,753	(225,6
Net realized and unrealized loss	41,352,180	36,599,4
Amortization of premium and discount on investments	(155,765)	(632,7
Paid-in-kind income	(825,743)	(575,4
Premiums received from options written	120,000	240,0
Proceeds from sales and paydowns of long-term securities	112,792,521	207,903,0
Purchases of long-term securities	(101,002,032)	(206,607,5
Net purchases of short-term investments	(3,063,640)	(1,626,9
Net cash provided by operating activities	28,827,204	25,598,0
Cash Used for Financing Activities		
Cash receipts from loans	87,000,000	209,500,0
Cash payments on loans	(93,500,000)	(215,000,0
Cash dividends paid	(21,418,666)	(28,372,0
Net cash used for financing activities	(27,918,666)	(33,872,0
Cash Impact from Foreign Exchange Fluctuations		
Cash impact from foreign exchange fluctuations	(6,042)	(64,6

Cash

Net increase (decrease) in cash	902,496	(8,338,6
Cash and foreign currency at beginning of year	107,267	9,616,2
Cash and foreign currency at end of year	\$ 1,009,763	\$ 1,277,5

Cash Flow Information

Cash paid during the year for interest	\$ 2,964,942	\$ 4,546,3
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See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

35

Financial Highlights

BlackRock Defined Opportunity Credit Trust

	Period January 31, 2008 ¹ to August 31, 2008
Per Share Operating Performance	
Net asset value, beginning of period	\$ 14.33 ²
Net investment income ³	0.47
Net realized and unrealized gain	0.21
Net increase from investment operations	0.68
Dividends and distributions from:	
Net investment income	(0.62)
Tax return of capital	(0.06)
Total dividends and distributions	(0.68)

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Capital charges with respect to issuance of shares	(0.02)
Net asset value, end of period	\$ 14.31
Market price, end of period	\$ 12.66
Total Investment Return⁴	
Based on net asset value	4.79% ⁵
Based on market price	(11.44)% ⁵
Ratios to Average Net Assets	
Total expenses after fees paid indirectly and excluding interest expense	1.48% ⁶
Total expenses after fees paid indirectly	1.78% ⁶
Total expenses before fees paid indirectly	1.78% ⁶
Total expenses	1.78% ⁶
Net investment income	5.52% ⁶
Supplemental Data	
Net assets, end of period (000)	\$ 127,695
Loan outstanding, end of period (000)	\$ 38,500
Average loan outstanding during the period (000)	\$ 13,788
Portfolio turnover	18%
Asset coverage, end of period per \$1,000	\$ 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. Total investment returns exclude the effects of sales charges.

5 Aggregate total investment return.

6 Annualized.

See Notes to Financial Statements.

36 ANNUAL REPORT

AUGUST 31, 2008

Financial Highlights

BlackRock Diversified Income Strategies Fund, Inc.

		Year Ended August 31,		Period January 31, 2005 ¹ to
	2008	2007	2006	August 31, 2005
Per Share Operating Performance				
Net asset value, beginning of period	\$ 17.50	\$ 18.70	\$ 18.38	\$ 19.10
Net investment income ²	1.61	1.83	1.77	0.84
Net realized and unrealized gain (loss)	(3.41)	(1.23)	0.25	(0.77)
Net increase (decrease) from investment operations	(1.80)	0.60	2.02	0.07
Dividends and distributions from:				
Net investment income	(1.72)	(1.80)	(1.70)	(0.75)
Tax return of capital	(0.04)			
Total dividends and distributions	(1.76)	(1.80)	(1.70)	(0.75)
Capital charges with respect to issuance of shares			3	(0.04)
Net asset value, end of period	\$ 13.94	\$ 17.50	\$ 18.70	\$ 18.38
Market price, end of period	\$ 12.77	\$ 17.16	\$ 18.85	\$ 17.53
Total Investment Return⁴				
Based on net asset value	(10.17)%	3.00%	11.99%	0.42% ⁵
Based on market price	(16.08)%	0.19%	18.36%	(8.53)% ⁵

Ratios to Average Net Assets

Total expenses after waiver and fees paid indirectly and excluding interest expense	1.23%	1.30%	1.29%	1.00% ⁶
Total expenses after waiver and fees paid indirectly	2.77%	3.66%	3.17%	2.20% ⁶
Total expenses after waiver and before fees paid indirectly	2.77%	3.66%	3.17%	2.20% ⁶
Total expenses	2.77%	3.66%	3.17%	2.48% ⁶
Net investment income	10.40%	9.63%	9.57%	7.88% ⁶

Supplemental Data

Net assets, end of period (000)	\$ 169,707	\$ 212,792	\$ 224,156	\$ 219,748
Loan outstanding, end of period (000)	\$ 65,500	\$ 72,000	\$ 88,800	\$ 101,400
Average loan outstanding during the period (000)	\$ 64,335	\$ 95,465	\$ 86,132	\$ 75,543
Portfolio turnover	41%	72%	64%	17%
Asset coverage, end of period per \$1,000	\$ 3,591	\$ 3,955	\$ 3,524	\$ 3,167

1 Commencement of operations.

2 Based on average shares outstanding.

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

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. Total investment returns exclude the effects of sales charges.

5 Aggregate total investment return.

6 Annualized.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

Financial Highlights

BlackRock Floating Rate Income Strategies
Fund, Inc.

	Year Ended August 31,				Period
	2008	2007	2006	2005	October 31, 2003 ¹ to August 31, 2004
Per Share Operating Performance					
Net asset value, beginning of period	\$ 18.25	\$ 19.32	\$ 19.35	\$ 19.16	\$ 19.10
Net investment income	1.45 ²	1.54 ²	1.40 ²	1.23 ²	0.66
Net realized and unrealized gain (loss)	(2.03)	(1.07)	(0.06)	0.08	0.02
Net increase (decrease) from investment operations	(0.58)	0.47	1.34	1.31	0.68
Dividends and distributions from:					
Net investment income	(1.55)	(1.54)	(1.37)	(1.11)	(0.60)
Net realized gain				(0.01)	
Total dividends and distributions	(1.55)	(1.54)	(1.37)	(1.12)	(0.60)
Capital charges with respect to issuance of shares					(0.02)
Net asset value, end of period	\$ 16.12	\$ 18.25	\$ 19.32	\$ 19.35	\$ 19.16
Market price, end of period	\$ 14.49	\$ 16.70	\$ 17.49	\$ 17.85	\$ 19.44
Total Investment Return³					
Based on net asset value	(2.56)%	2.74%	7.92%	7.27%	3.50% ⁴
Based on market price	(4.28)%	3.85%	5.91%	(2.47)%	0.29% ⁴
Ratios to Average Net Assets					
Total expenses after fees paid indirectly and excluding interest expense	1.18%	1.20%	1.14%	1.22%	0.71% ⁵
Total expenses after fees paid indirectly	2.60%	3.33%	2.54%	2.18%	0.87% ⁵
Total expenses before fees paid indirectly	2.61%	3.33%	2.54%	2.18%	0.87% ⁵

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Total expenses	2.61%	3.33%	2.54%	2.18%	1.08% ⁵
Net investment income	8.49%	7.88%	7.30%	6.34%	3.80% ⁵

Supplemental Data

Net assets, end of period (000)	\$ 295,005	\$ 334,065	\$ 353,713	\$ 354,114	\$ 350,254
Loan outstanding, end of period (000)	\$ 101,500	\$ 107,000	\$ 135,200	\$ 123,600	\$ 123,225
Average loan outstanding during the period (000)	\$ 102,272	\$ 133,763	\$ 101,916	\$ 117,702	\$ 38,654
Portfolio turnover	49%	69%	57%	48%	43%
Asset coverage, end of period per \$1,000	\$ 3,906	\$ 4,122	\$ 3,616	\$ 3,865	\$ 3,842

1 Commencement of operations.

2 Based on average shares outstanding.

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. Total investment returns exclude the effects of sales charges.

4 Aggregate total investment return.

5 Annualized.

See Notes to Financial Statements.

38 ANNUAL REPORT

AUGUST 31, 2008

Financial Highlights

BlackRock Senior Floating Rate Fund, Inc.

	Year Ended August 31,				
	2008	2007	2006	2005	2004
Per Share Operating Performance					
Net asset value, beginning of year	\$ 8.60	\$ 8.92	\$ 9.01	\$ 8.91	\$ 8.40
Net investment income ¹	0.51	0.60	0.52	0.37	0.30
Net realized and unrealized gain (loss)	(0.62)	(0.32)	(0.08)	0.10	0.51

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Net increase (decrease) from investment operations	(0.11)	0.28	0.44	0.47	0.81
Dividends from net investment income	(0.51)	(0.60)	(0.53)	(0.37)	(0.30)
Net asset value, end of year	\$ 7.98	\$ 8.60	\$ 8.92	\$ 9.01	\$ 8.91
Total Investment Return²					
Based on net asset value	(1.32)% ³	3.07%	4.97%	5.38%	9.73%
Ratios to Average Net Assets⁴					
Total expenses	1.28% ³	1.44%	1.43%	1.41%	1.44%
Net investment income	6.16%	6.67%	5.84%	4.11%	3.41%
Supplemental Data					
Net assets, end of year (000)	\$ 399,400	\$ 505,515	\$ 601,807	\$ 676,703	\$ 756,795
Portfolio turnover for the Master LLC	56%	46%	54%	53%	76%

1 Based on average shares outstanding.

2 Total investment returns exclude the early withdrawal charge, if any. 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, 2008

39

Financial Highlights

BlackRock Senior Floating Rate Fund II, Inc.

	Year Ended August				
	2008	2007	2006	2005	2004

Per Share Operating Performance

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Net asset value, beginning of year	\$ 9.35	\$ 9.70	\$ 9.79	\$ 9.67	\$ 9.13
Net investment income ¹	0.54	0.63	0.56	0.39	0.30
Net realized and unrealized gain (loss)	(0.69)	(0.34)	(0.10)	0.11	0.55
Net increase (decrease) from investment operations	(0.15)	0.29	0.46	0.50	0.85
Dividends from net investment income	(0.53)	(0.64)	(0.55)	(0.38)	(0.31)
Net asset value, end of year	\$ 8.67	\$ 9.35	\$ 9.70	\$ 9.79	\$ 9.67
Total Investment Return²					
Based on net asset value	(1.61)% ³	2.89%	4.90%	5.26%	9.41%
Ratios to Average Net Assets⁴					
Total expenses	1.50% ³	1.59%	1.57%	1.54%	1.57%
Net investment income	5.96%	6.53%	5.70%	4.03%	3.20%
Supplemental Data					
Net assets, end of year (000)	\$ 186,637	\$ 247,861	\$ 322,202	\$ 355,108	\$ 295,382
Portfolio turnover for the Master LLC	56%	46%	54%	53%	76%

1 Based on average shares outstanding.

2 Total investment returns exclude the early withdrawal charge, if any. 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.

40 ANNUAL REPORT

AUGUST 31, 2008

Notes to Financial Statements

1. Significant Accounting Policies:

BlackRock Defined Opportunity Credit Trust (Defined Opportunity), BlackRock Diversified Income Strategies Fund, Inc. (Diversified Income), BlackRock Floating Rate Income Strategies Fund, Inc. (Floating Rate Income), BlackRock Senior Floating Rate Fund, Inc. (Senior Floating Rate) and BlackRock Senior Floating Rate Fund II, Inc. (Senior Floating Rate II) (referred to as the Funds or individually as the Fund) are registered under the Investment Company Act of 1940, as amended (the 1940 Act). Defined Opportunity, Diversified Income and Floating Rate Income 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, which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Funds determine and make available for publication the net asset value of their Common Shares on a daily basis.

Prior to commencement of operations on January 31, 2008, Defined Opportunity had no operations other than those relating to organizational matters and the sale of 8,517 Common Shares on November 13, 2007 to BlackRock Advisors, LLC (the Advisor or Administrator), an indirect, wholly owned subsidiary of BlackRock, Inc., for \$122,006. Investment operations for Defined Opportunity commenced on January 31, 2008. Defined Opportunity will terminate no later than December 31, 2017.

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 of the 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, 2008 was 68% and 32%, respectively.

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

Valuation of Investments: The Funds value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services selected under the supervision of the Funds Board of Directors/Trustees (the Board). Floating rate loan interests are valued at the mean between the last available 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 by quoted fair values received daily by the Funds pricing service or through brokers. Short-term securities are valued at amortized cost. Investments in open-end investment companies are valued at net asset value each business day.

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.

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 (long positions) or ask (short positions) price. If no bid or ask 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 option. Over-the-counter options are valued by an independent pricing service using a mathematical model which incorporates a number of market data factors.

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, the investment will be valued by a method approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or sub-advisor seeks to determine the price that the Funds 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 securities is substantially completed each day at various times prior to the close of business on the New York Stock Exchange (NYSE). The values of such securities used in computing the net assets of each Fund are determined as of such times. Foreign currency exchange rates will be determined as of the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they

Notes to Financial Statements (continued)

are determined and the close of business on the NYSE that may not be reflected in the computation of the 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 securities, those securities may be valued at their fair value as determined in good faith by the Board or by the investment advisor using a pricing service and/or procedures approved by the Board.

Senior Floating Rate and Senior Floating Rate II record their investments in the Master LLC at fair value. Valuation of securities held by the Master LLC is discussed in Note 1 of the Master LLC's Notes to Financial Statements, which are included elsewhere in this report.

Derivative Financial Instruments: The Funds may engage in various portfolio investment strategies both to increase the returns of the Funds and to hedge, or protect, their exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security, or if the counterparty does not perform under the contract.

Foreign currency exchange contracts The Funds may enter into foreign currency exchange contracts as a hedge against either specific transactions or portfolio positions. Foreign currency exchange contracts, when used by the Funds, help to manage the overall exposure to the foreign 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.

Options The Funds may purchase and write call and put options. When the Funds writes an option, an amount equal to the premium received by the Funds is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security 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 security acquired or deducted from (or added to) the proceeds of the security 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 premium received or paid).

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 position 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 position at the exercise price at any time or at a specified time during the option period.

Swaps Each Fund may enter into swap agreements, in which the Fund 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 accompanying Statements of Operations as realized gains or losses, respectively. Gains or losses are realized upon termination of the swap agreements. 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.

Credit default swaps Credit default swaps are agreements in which one party pays fixed periodic payments to a counterparty in consideration for a guarantee from the counterparty to make a specific payment should a negative credit event take place.

Interest rate swaps Interest rate swaps are agreements in which one party pays a floating rate of interest on a notional principal amount and receives a fixed rate of interest on the same notional principal amount for a specified period of time. Alternatively, a party may pay a fixed rate and receive a floating rate. In more complex swaps, the notional principal amount may decline (or amortize) over time.

Swaptions Swap options (swaptions) are similar to options on securities except that instead of selling or purchasing the right to buy or sell a security, the writer or purchaser of the swap option is granting or buying the right to enter into a previously agreed upon interest rate swap agreement at any time before the expiration of the option.

Foreign Currency Transactions: Foreign currency amounts are translated into United States dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange; and (ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

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

Floating Rate Loans: The Funds invest in floating rate loans, which are generally non-investment grade, made by banks, other financial institutions and privately and publicly offered corporations. Floating rate loans are senior in the debt structure of a corporation. Floating rate loans generally pay interest at rates that are periodically predetermined by reference to a base lending rate plus a premium. The base lending rates are generally (i) the lending rate offered by one or more European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more U.S. banks or (iii) the certificate of deposit

42 ANNUAL REPORT

AUGUST 31, 2008

Notes to Financial Statements (continued)

rate. The Funds consider these investments to be investments in debt securities for purposes of its investment policies.

Each Fund earns and/or pays facility and other fees on floating rate loans. Other fees earned/paid include commitment, amendment, consent, commissions and prepayment penalty fees. Facility, amendment and consent fees are typically amortized as premium and/or accreted as discount over the term of the loan. Commitment, commission and various other fees are recognized on the accrual basis. Prepayment penalty fees are recorded as gains or losses. When a Fund buys a floating rate loan it may receive a facility fee and when it sells a floating rate loan it may pay a facility fee. On an ongoing basis, a Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a floating rate loan. In certain circumstances, a Fund may receive a prepayment penalty fee upon the prepayment of a floating rate loan by a borrower. Other fees received by a Fund may include covenant waiver fees and covenant modification fees.

Each Fund 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 loans are usually freely callable at the issuer's option. The Fund 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. Each Fund 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 relating to the loans, nor any rights of offset against the borrower, and a Fund 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' investments in loan participation interests involve 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.

Preferred Stock: The 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.

Segregation: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds segregate assets in connection with certain investments (e.g., swaps) and certain borrowings, the Funds will, consistent with certain interpretive letters issued by the SEC, designate on their books and record cash or other liquid debt securities having a market value at least equal to the amount that would otherwise be required to be physically segregated.

Investment Transactions and Investment Income: Certain Funds' investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security 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 is recognized on the accrual basis. The Funds amortize all premi-

ums and discounts on debt securities.

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.

Income Taxes: It is the Funds policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of their taxable income to their shareholders. Therefore, no federal income tax provision is required. Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

Effective February 29, 2008, the Funds implemented Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an

ANNUAL REPORT

AUGUST 31, 2008

43

Notes to Financial Statements (continued)

entity, including investment companies, before being measured and recognized in the financial statements. The investment advisor has evaluated the application of FIN 48 to the Funds and has determined that the adoption of FIN 48 does not have a material impact on the Funds financial statements. The Funds file U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds (except Defined Opportunity) U.S. federal tax returns remain open for the years ended August 31, 2005 through August 31, 2007. The statutes of limitations on the Funds state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Recent Accounting Pronouncements: In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. Effective January 31, 2008 Defined Opportunity

adopted FAS 157. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The impact on the other Funds' financial statement disclosures, if any, is currently being assessed.

In March 2008, Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" an amendment of FASB Statement No. 133 ("FAS 161"), was issued. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. In September 2008, FASB Staff Position No. 133-1 and FASB Interpretation No. 45-4 (the "FSP"), "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161" was issued and is effective for fiscal years and interim periods ending after November 15, 2008. The FSP amends FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," to require disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. The FSP also clarifies the effective date of FAS 161, whereby disclosures required by FAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The impact on the Funds' financial statement disclosures, if any, is currently being assessed.

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 have been invested in common shares of other certain 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 other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Funds. The Funds may, however, elect to invest in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations.

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.

2. Transactions with Affiliates:

Certain Funds entered into an Investment Advisory Agreement with Advisor to provide investment advisory and administration services. Merrill Lynch & Co., Inc. (Merrill Lynch) and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc.

The Advisor is responsible for the management of the Funds' portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Funds. For such services, Defined Opportunity pays a monthly fee at an annual rate of 1.00% and Diversified Income and Floating Rate Income each pay a monthly fee at an annual rate of 0.75% of the average daily value of each Fund's net assets plus the proceeds of any outstanding borrowings.

The Advisor, on behalf of BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc., has entered into a separate sub-advisory agreement with BlackRock Financial Management, Inc. (BFM), an affiliate of the Advisor, under which the Advisor pays BFM, for services it provides, a monthly fee that is an annual percentage of the investment advisory fee paid by the Funds to the Advisor.

44 ANNUAL REPORT

AUGUST 31, 2008

Notes to Financial Statements (continued)

For the period January 31, 2008 to August 31, 2008 Defined Opportunity reimbursed the Advisor \$1,329, for certain accounting services, which is included in accounting services in the Statements of Operations.

For the year ended August 31, 2008 the Diversified Income and Floating Rate Income reimbursed the Advisor \$3,175 and \$5,261, respectively, for certain accounting services, which is included in accounting services in the Statements of Operations.

For the period January 31, 2008 through August 31, 2008 Merrill Lynch, Pierce, Fenner & Smith, Incorporated (MLPF&S), a wholly owned subsidiary of Merrill Lynch, received underwriting fees of \$3,462,804 in connection with the issuance of the Defined Opportunity's Common Shares. In addition, Defined Opportunity reimbursed MLPF&S \$46,000 as a partial reimbursement of expenses incurred in connection with the issuance of the Fund's Common Shares.

Senior Floating Rate and Senior Floating Rate II have entered into an Administration Agreement with the Administrator. The administration fee to the Administrator is calculated daily and paid monthly based on an

annual rate of 0.25% and 0.40%, respectively, of the average daily value of each Fund's net assets for the performance of administrative services (other than investment advice and related portfolio activities) necessary for the operation of the Funds.

Senior Floating Rate and Senior Floating Rate II have also entered into separate Distribution Agreements and Distribution Plans with FAMD Distributors, Inc. (FAMD) and BlackRock Distributors, Inc. and its affiliates (BDI) (collectively, the Distributor). FAMD is a wholly owned subsidiary of Merrill Lynch Group, Inc. and BDI is an affiliate of BlackRock, Inc.

For the year ended August 31, 2008, the Distributor received early withdrawal charges for Senior Floating Rate and Senior Floating Rate II in the amount of \$208,987 and \$51,020, respectively, relating to the tender of each Fund's shares.

PNC Global Investment Servicing (U.S.) Inc., formerly PFPC Inc., an indirect, wholly owned subsidiary of PNC and an affiliate of the Administrator, is Senior Floating Rate and Senior Floating Rate II's transfer agent. 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 shareholders 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 identification services.

Pursuant to the terms of the custody agreement, custodian fees may be reduced by amounts calculated on uninvested cash balances (custody credits), which are shown on the Statements of Operations as fees paid indirectly.

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

3. Investments:

Purchases and sales (including paydowns) of investments, excluding short-term securities, for the period January 31, 2008 to August 31, 2008 for Defined Opportunity and the year ended August 31, 2008 for the other Funds were as follows:

	Total Purchases	Total Sales
Defined Opportunity	\$198,465,500	\$ 22,903,196
Diversified Income	\$104,091,042	\$110,632,375

Floating Rate Income	\$207,357,390	\$203,564,969
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Diversified Income

Transactions in call options written for the year ended August 31, 2008 were as follows:

	Contracts*	Premiums Received
Outstanding call options written, beginning of year		
Options written	2	\$ 57,000
Options expired	(2)	(57,000)
Outstanding call options written, end of year		\$

* Some contracts represent a notional amount of \$1,000,000.

Transactions in put options written for the year ended August 31, 2008 were as follows:

	Contracts*	Premiums Received
Outstanding put options written, beginning of year		
Options written	2	\$ 63,000
Options expired	(2)	(63,000)
Outstanding put options written, end of year		\$

* Some contracts represent a notional amount of \$1,000,000.

ANNUAL REPORT

AUGUST 31, 2008

45

[Notes to Financial Statements \(continued\)](#)

Floating Rate Income

Transactions in call options written for the year ended August 31, 2008 were as follows:

	Contracts*	Premiums Received
Outstanding call options written, beginning of year		
Options written	4	\$ 114,000
Options expired	(4)	(114,000)
Outstanding call options written, end of year		\$

* Some contracts represent a notional amount of \$1,000,000.

Transactions in put options written for the year ended August 31, 2008 were as follows:

	Contracts*	Premiums Received
Outstanding put options written, beginning of year		
Options written	4	\$ 126,000
Options expired	(4)	(126,000)
Outstanding put options written, end of year		\$

* Some contracts represent a notional amount of \$1,000,000.

4. Capital Share Transactions:

Defined Opportunity is authorized to issue an unlimited number of shares, par value \$0.001, all of which were initially classified as

Common Shares. The Board is authorized, however, to classify and reclassify any unissued shares without approval of the holders of Common Shares.

Shares issued and outstanding during the period January 31, 2008 (commencement of operations) to August 31, 2008 increased by 8,900,000 from shares sold and 15,264 from dividend reinvestments.

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Organization costs of \$22,000 were expensed upon the commencement of operations. Offering costs incurred in connection with Defined Opportunity's offering of Common Shares have been charged against the proceeds from the initial Common Share offering in the amount of \$200,500.

Diversified Income and Floating Rate Income are authorized to issue 200,000,000 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 the holders of Common Shares.

Shares issued and outstanding for Diversified Income during the years ended August 31, 2008 and August 31, 2007 increased by 13,892 and 177,522, respectively, as a result of dividend reinvestment.

Shares issued and outstanding for Floating Rate Income during the years ended August 31, 2008 and August 31, 2007 remained constant.

At August 31, 2008, an affiliate of the Advisor owned 8,517 and 7,413 shares of Defined Opportunity and Floating Rate Income, respectively.

Transactions in shares were as follows:

	Year Ended August 31, 2008		Year Ended August 31, 2007	
	Shares	Amount	Shares	Amount
Senior Floating Rate				
Shares sold	4,490,899	\$ 36,601,922	2,617,014	\$ 23,300,290
Shares issued to shareholders in reinvestment of dividends	182,375	1,499,356	2,075,693	18,417,801
Total issued	4,673,274	38,101,278	4,692,707	41,718,091
Shares tendered	(13,412,544)	(111,603,956)	(13,354,571)	(119,178,329)
Net decrease	(8,739,270)	\$ (73,502,678)	(8,661,864)	\$ (77,460,238)
Senior Floating Rate II				
Shares sold	2,834,064	\$ 25,451,600	3,631,891	\$ 35,223,121
Shares issued to shareholders in reinvestment of dividends	41,005	365,615	1,073,763	10,356,181
Total issued	2,875,069	25,817,215	4,705,654	45,579,302
Shares tendered	(7,873,162)	(71,267,903)	(11,409,396)	(110,613,239)
Net increase (decrease)	(4,998,093)	\$ (45,450,688)	(6,703,742)	\$ (65,033,937)

AUGUST 31, 2008

Notes to Financial Statements (continued)

5. Commitments:

Certain Funds may invest in floating rate loans. In connection with these investments, the Funds may, with their Advisor, also enter into unfunded corporate loans (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, 2008 the Funds had the following unfunded loan commitments:

Defined Opportunity

Borrower	Unfunded Commitment (000)	Value of Underlying Loan (000)
Bausch & Lomb, Inc	\$ 160	\$ 156
Community Health Systems, Inc	\$ 192	\$ 181

Diversified Income

Borrower	Unfunded Commitment (000)	Value of Underlying Loan (000)
Community Health Systems Inc	\$ 48	\$ 45

Floating Rate Income

Borrower	Unfunded Commitment (000)	Value of Underlying Loan (000)
Community Health Systems, Inc	\$ 168	\$ 158
Golden Nugget, Inc	\$ 151	\$ 127
Vought Aircraft Industries Inc	\$3,000	\$2,831

6. Short-Term Borrowings:

On May 16, 2008, Diversified Income and Floating Rate Income renewed their revolving credit and security agreement funded by a commercial paper asset securitization program with Citicorp North America, Inc. (Citicorp) as agent, certain secondary backstop lenders, and certain asset securitization conduits as lenders (the Lenders). The agreement was renewed for one year and has a maximum limit of \$91,000,000 for Diversified Income and \$155,000,000 for Floating Rate Income. Under the Citicorp program, the conduits will fund advances to the Funds through the issuance of highly rated commercial paper. As security for its obligations to the Lenders under the revolving securitization facility, the Funds have granted a security interest in substantially all of their assets to and in favor of the Lenders. The interest rate on the Funds' borrowings is based on the interest rate carried by the commercial paper plus a program fee. The Funds pay additional borrowing costs including a back-stop commitment fee. These amounts are shown on the Statements of Operations as borrowing costs.

For the year ended August 31, 2008, the daily weighted average interest rate was 4.44% for Diversified Income and 4.38% for Floating Rate Income.

Defined Opportunity is a party to a senior committed secured, 364-day revolving line of credit and security agreement (the Agreement) with State Street Bank and Trust Company (SSB) dated April 9, 2008. The Agreement has a maximum limit of \$67.5 million. Defined Opportunity has granted a security interest in substantially all of its assets to SSB. For the period January 31, 2008 through August 31, 2008, the weighted average annual interest rate was 1.70% .

7. Income Tax Information:

Reclassifications: Accounting principles generally accepted in the United States of America require that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or on net asset value per share. The following permanent differences as of August 31, 2008 attributable to amortization methods on fixed income securities, expiration of loss carryforwards, accounting for swap agreements, securities in default, nondeductible expenses and foreign currency transactions were reclassified to the following accounts:

	Defined Opportunity	Diversified Income	Floating Rate Income	Senior Floating Rate	Senior Floating
Increase (decrease) paid-in capital in excess of par	\$ (22,000)			\$(28,290,011)	
Increase (decrease) undistributed (distributions in excess of) net investment income	\$ (90,902)	\$(799,449)	\$(1,400,894)	\$ 169,651	\$ 75,511
Increase (decrease) accumulated net realized gain (loss)	\$ 112,902	\$ 799,449	\$ 1,400,894	\$ 28,120,360	\$ (75,511)

ANNUAL REPORT

AUGUST 31, 2008

47

Notes to Financial Statements (concluded)

The tax character of distributions paid during the years ended August 31, 2008 and August 31, 2007 was as follows:

	Defined Opportunity	Diversified Income	Floating Rate Income	Senior Floating Rate	Senior Floating Rate II
Ordinary Income					
8/31/08	\$ 5,435,571	\$ 20,910,360	\$ 28,321,303	\$ 26,664,539	\$ 12,294,014
8/31/07		\$ 21,741,425	\$ 28,142,426	\$ 36,713,751	\$ 17,223,323
Tax return of capital					
8/31/08	\$ 481,911	\$ 443,389			
8/31/07					
Total					
8/31/08	\$ 5,917,482	\$ 21,353,749	\$ 28,321,303	\$ 26,664,539	\$ 12,294,014
8/31/07		\$ 21,741,425	\$ 28,142,426	\$ 36,713,751	\$ 17,223,323

As of August 31, 2008, the tax components of accumulated earnings (losses) were as follows:

	Defined Opportunity	Diversified Income	Floating Rate Income	Senior Floating Rate	Senior Floating Rate II
Undistributed ordinary income			\$ 2,071,275	\$ 221,255	\$ 87,452
Undistributed long-term net capital gains (capital loss carryforwards)		\$ (5,437,797)	(1,167,282)	(331,375,189)	(31,436,454)
Net unrealized gains (losses)*	\$ 605,212	(56,430,419)	(55,098,907)	(53,814,646)	(25,662,230)
Total accumulated net earnings (losses)	\$ 605,212	\$(61,868,216)	\$(54,194,914)	\$(384,968,580)	\$(57,011,232)

* The difference between book-basis and tax-basis net unrealized gains/losses is attributable primarily to the tax deferral of losses on wash sales, the realization purposes of unrealized gains on certain foreign currency contracts, the deferral of post-October capital losses for tax purposes, the difference between book and tax accounting methods for premiums and discounts on fixed income securities, book/tax differences in the accrual of income on securities in default, the accounting for sales and the timing of income recognition on partnership interests.

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As of August 31, 2008, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration

Expires August 31	Diversified Income	Floating Rate Income	Senior Floating Rate	Senior Floating Rate II
2009			\$ 64,746,799	\$ 1,546,632
2010			87,904,309	864,375
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	31,419,728	4,923,015
Total	\$ 5,437,797	\$ 1,167,282	\$331,375,189	\$31,436,454

8. Subsequent Events:

Each Fund paid a net investment income dividend to holders of its Common Shares on September 30, 2008 to shareholders of record on September 15, 2008. The amount of the net investment income dividend per share was as follows:

	Dividend Per Share
Defined Opportunity	\$0.112500
Diversified Income	\$0.135000
Floating Rate Income	\$0.124835
Senior Floating Rate	\$0.038968
Senior Floating Rate II	\$0.038406

On September 15, 2008, Bank of America Corporation announced that it has agreed to acquire Merrill Lynch, one of the principal owners of

BlackRock, Inc. The purchase has been approved by the directors of both companies. Subject to shareholder and regulatory approvals, the transaction is expected to close in the first quarter of 2009.

As of August 31, 2008, Diversified Income had swap contracts outstanding with Lehman Brothers Holdings Inc. (Lehman) as the counterparty with net unrealized depreciation of \$1,419,390 and swaps interest payable of approximately \$491,000. On September 15, 2008, Lehman filed for Chapter 11 bankruptcy, and on that date, Diversified Income terminated these contracts and realized a loss of

approximately \$2,800,000.

Effective October 1, 2008, BlackRock Investments, Inc., an affiliate of the Administrator, replaced FAM Distributors, Inc. and BlackRock Distributors, Inc. as the sole distributor of Senior Floating Rate and Senior Floating Rate II.

48 ANNUAL REPORT

AUGUST 31, 2008

Report of Independent Registered Public Accounting Firm

**To the Shareholders and Boards of Directors/Trustees of
BlackRock Defined Opportunity Credit Trust, 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.:**

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, 2008, and the related statements of operations and changes in net assets, and the financial highlights for 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, 2008, 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 periods presented. We have also audited the accompanying statements of assets and liabilities, including the schedules of investments of BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. as of August 31, 2008, 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. BlackRock Defined Opportunity Credit Trust, 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. are collectively referred to as the Funds. 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, 2008, by correspondence with the custodian and brokers; where replies were not received from brokers, 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 BlackRock Defined Opportunity Credit Trust as of August 31, 2008, and the results of its operations, changes in its net assets, and the financial highlights for the period January 31, 2008 (commencement of operations) to August 31, 2008, 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 position of BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. as of August 31, 2008, and the results of their operations and 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 position of BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. as of August 31, 2008, and 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, 2008

Master Portfolio Summary as of August 31, 2008

Master Senior Floating Rate LLC

Portfolio Composition

Asset Mix	Percent of Long-Term Investments	
	8/31/08	8/31/07
Floating Rate Loan Interests	95%	93%
Corporate Bonds	5	7

ANNUAL REPORT

AUGUST 31, 2008

49

Schedule of Investments August 31, 2008

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Aerospace & Defense 0.8%			
Hawker Beechcraft Acquisition Co. LLC:			
Letter of Credit Facility Deposit, 2.701%, 3/26/14	USD	213	\$ 198,048
Term Loan, 4.801%, 3/26/14		3,641	3,389,920
Vought Aircraft Industries, Inc. Tranche B Line of Credit Deposit, 2.486%, 12/22/10		1,200	1,134,000
			4,721,968
Airlines 0.4%			
Delta Air Lines, Inc. Credit Linked Deposit Loan, 2.336% 4.469%, 4/30/12		1,485	1,239,975
US Airways Group, Inc. Loan, 4.969%, 3/24/14		2,000	1,370,000
			2,609,975
Auto Components 2.0%			
Allison Transmission, Inc. Term Loan, 5.22% 5.56%, 8/07/14		7,107	6,374,537
Dana Holding Corp. Term Advance, 6.75%, 1/31/15		2,794	2,568,081

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Delphi Corp.:

Initial Tranche Loan C, 8.50%, 12/31/08		635	525,446
Subsequent Tranche Loan C, 8.50%, 12/31/08		65	53,513

Metaldyne Co. LLC:

DF Loan, 2.336% 6.563%, 1/11/12		288	161,358
Initial Tranche Term Loan B, 6.50%, 1/13/14		1,962	1,097,236

TRW Automotive, Inc. Tranche B-1 Term Loan,

4.188 4.313%, 2/10/14		990	945,450
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11,725,621

Automobiles 0.1%

Ford Motor Co., Term Loan, 5.47%, 12/16/13		750	580,982
--	--	-----	---------

Beverages 0.4%

Culligan International Co. Dollar Loan, 4.72% 5.05%, 11/26/12		3,450	2,445,188
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Biotechnology 0.4%

Talecris Biotherapeutics Holdings Corp.:

First Lien Term Loan, 5.97% 6.31%, 12/06/13		1,244	1,203,864
Second Lien Term Loan, 6.31% 6.57%, 12/06/14		1,000	983,750

2,187,614

Building Products 0.7%

Building Materials Corp. of America Term Loan Advance, 5.438% 5.563%, 2/24/14		2,023	1,735,620
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Momentive Performance Materials, Inc.:

Tranche B-1 Term Loan, 4.75%, 12/04/13		1,474	1,357,604
Tranche B-2 Term Loan, 6.73%, 12/04/13	EUR	972	1,249,760

4,342,984

Cable Television Services 0.7%

Insight Midwest Holdings LLC Term Loan B, 4.47%, 4/07/14	USD	4,075	3,913,275
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Capital Markets 0.4%

Marsico Parent Co., LLC Term Loan, 5.50% 7%, 12/15/14		995	850,725
--	--	-----	---------

RiskMetrics Group Holdings LLC First Lien Term Loan B,

4.801%, 1/10/14		1,453	1,398,605
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2,249,330

Chemicals 6.7%

Brenntag AG:

Second Lien Term Loan, 5.071%, 1/19/14		295	270,982
Term Loan B2, 5.071%, 1/24/14		1,205	1,109,018

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Floating Rate Loan Interests	Par (000)	Value
Chemicals (concluded)		
Columbian Chemicals Acquisition LLC Tranche B Term Loan, 6.051%, 3/16/13	USD 1,761	\$ 1,637,646
Edwards (Cayman Islands II) First Lien Term Loan, 4.81%, 5/30/14	743	644,119
Flint Group Holdings Term Loan B9, 4.88%, 12/31/14	2,000	1,613,334
GenTek, Inc. First Lien Term Loan, 4.78% 4.79%, 2/28/11	2,973	2,764,671
Huish Detergents, Inc., Tranche Term Loan B: 4.81%, 4/28/14	1,995	1,807,103
7.06%, 10/15/14	750	654,375
ISP Chemco LLC Term Loan, 4% 4.313%, 6/04/14	1,485	1,369,913
Invista Canada Co., Tranche B-2 Term Loan, 4.301%, 4/29/11	1,628	1,550,734
Invista S.A.R.L. Tranche B-1 Term Loan, 4.432%, 4/29/11	3,760	3,581,105
Nalco Co. Tranche B Term Loan, 4.433% 4.92%, 11/04/10	3,735	3,672,308
PQ Corp. (Niagra Acquisition, Inc.): First Lien Term Loan, 5.92% 6.05%, 7/30/14	3,000	2,806,875
Second Lien Loan, 9.30%, 7/30/15	3,000	2,595,000
Polymer Group, Inc. Term Loan, 4.722% 5.058%, 11/22/12	1,796	1,634,671
Rockwood Specialties Group, Inc. Tranche E Term Loan, 4.299%, 7/30/12	3,613	3,461,609
Solutia, Inc. Loan, 8.50%, 2/28/14	2,900	2,793,970
Wellman, Inc. (b)(c): First Lien Term Loan, 8.88%, 2/10/09	7,500	3,750,000
Second Lien Term Loan, 11.989%, 2/10/10	8,250	1,650,000
		39,367,433
Commercial Services & Supplies 3.0%		
ARAMARK Corp.: LC Facility Letter of Credit, 2.44%, 1/27/14	225	213,540
U.S. Term Loan, 4.676%, 1/26/14	3,549	3,361,256
Allied Waste North America, Inc.: New Term Loan, 3.97%, 3/28/14	2,509	2,448,929
New Tranche A Credit Linked Deposit, 2.39%, 3/28/14	1,724	1,682,880
Brickman Group Holdings, Inc. Tranche B Term Loan, 4.801%, 1/23/14	247	220,953
Camelbak Products LLC First Lien Term Loan, 8%, 8/04/11	1,844	1,281,822
John Maneely Co. Term Loan,		

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6.042% 6.048%, 12/09/13	1,206	1,184,593
Kion Group GmbH:		
Facility B, 4.469%, 12/23/14	250	213,750
Facility C, 4.969%, 12/23/15	250	213,750
Sirva Worldwide, Inc. Second Lien Loan, 12%, 5/15/15	380	309,357
Synagro Technologies, Inc. First Lien Term Loan, 4.81%, 4/02/14	2,743	2,318,429
West Corp. Term Loan B-2, 4.844% 5.171%, 10/24/13	4,925	4,321,056
		<hr/>
		17,770,315

Communications Equipment 2.3%

Alltel Corp.:		
Initial Tranche B-2 Term Loan, 5.314%, 5/15/15	7,479	7,390,782
Initial Tranche B-3 Term Loan, 4.966%, 5/15/15	4,474	4,456,659
Sorenson Communications, Inc. Tranche C		
Term Loan, 4.97% 5.301%, 8/16/13	1,650	1,600,500
		<hr/>
		13,447,941

See Notes to Financial Statements.

50 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
Computers & Peripherals 0.6%		
Dealer Computer Services, Inc. (Reynolds and Reynold) First Lien Term Loan, 4.801%, 10/26/12 USD	2,497	\$ 2,310,142
Intergraph Corp. Second Lien Term Loan, 8.809%, 11/28/14	1,000	960,000
		<hr/>
		3,270,142
Construction & Engineering 0.5%		
BakerCorp. Tranche C Term Loan, 4.714% 4.719%, 5/08/14	988	883,813

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Brand Energy & Infrastructure Services, Inc.:		
First Lien Term Loan B, 5.063%, 2/07/14	986	901,844
Second Lien Term Loan, 8.813%, 2/09/15	1,200	1,104,000
		2,889,657
<hr/>		
Construction Materials 0.4%		
Headwaters, Inc. First Lien Term Loan B-1, 6.97%, 4/30/11		
	2,214	2,115,176
<hr/>		
Containers & Packaging 1.9%		
Consolidated Container Co. LLC Second Lien Term Loan, 7.969% 8.31%, 9/28/14		
	450	220,500
Graham Packaging Co. LP New Term Loan, 4.938% 5.063%, 10/07/11		
	2,938	2,791,179
Graphic Packaging International Inc.:		
Term Loan B 4.785% 4.80%, 5/16/14	590	556,028
Incremental Term Loan 5.542% 5.884%, 5/16/14	2,621	2,527,265
Smurfit-Stone Container Canada Inc.		
Tranche C Term Loan, 4.50% 4.688%, 11/01/11	2,047	1,979,275
Smurfit-Stone Container Enterprises, Inc.:		
Deposit Funded Facility, 2.713%, 11/01/10	2,241	2,166,027
Tranche B, 4.50% 4.688%, 11/01/11	481	465,693
Tegant Corp. First Lien Term Loan, 5.56%, 3/08/14		
	987	636,937
		11,342,904
<hr/>		
Distributors 0.3%		
Keystone Automotive Operations, Inc. Loan, 5.963% 5.972%, 1/12/12		
	2,628	1,839,827
<hr/>		
Diversified Consumer Services 0.6%		
Coinmach Corp. Term Loan, 5.48% 5.81%, 11/14/14		
	3,990	3,665,789
<hr/>		
Diversified Financial Services 1.6%		
DaimlerChrysler Financial Services Americas LLC		
First Lien Term Loan, 6.78%, 8/03/12	993	786,350
J.G. Wentworth, LLC First Lien Term Loan, 5.051%, 4/04/14		
	6,800	5,236,000
LPL Holdings, Inc. Tranche D Term Loan, 4.469% 4.801%, 6/28/13		
	3,755	3,529,522
		9,551,872
<hr/>		
Diversified Telecommunication Services 0.8%		
Hawaiian Telcom Communications, Inc. Tranche C Term Loan, 5.301%, 5/30/14		
	1,595	1,265,689
Kentucky Data Link, Inc. Term Loan,		

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4.719%, 2/24/14	483	453,597
PaeTec Holding Corp. Replacement Term Loan, 4.969%, 2/28/13	1,459	1,327,766
Time Warner Telecom Holdings Inc. Term Loan B, 4.47%, 1/07/13	1,970	1,884,305
		4,931,357

Floating Rate Loan Interests	Par (000)	Value
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Electric Utilities 0.3%

Astoria Generating Co. Acquisitions, LLC Second Lien Term Loan C, 6.56%, 8/23/13	USD	1,750	\$ 1,652,292
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Electrical Equipment 0.3%

Generac Acquisition Corp., First Lien Term Loan, 5.288%, 11/11/13		2,629	2,030,946
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Electronic Equipment & Instruments 1.3%

Flextronics International Ltd. A Closing Date Loan, 5.038% 5.041%, 10/01/14		4,466	4,051,728
L-1 Identity Solutions Operating Co., Term Loan, 7.294%, 8/05/13		1,225	1,221,938
SafeNet, Inc. Second Lien Loan, 9.288%, 4/12/15		3,000	2,370,000
			7,643,666

Energy Equipment & Services 1.7%

Brock Holdings III, Inc. Term Loan B, 4.63% 6%, 2/26/14		1,481	1,392,375
Compagnie Generale de Geophysique Term Loan, 4.70%, 1/13/14		1,500	1,458,750
Dresser, Inc.:			
Second Lien Term Loan, 8.557%, 5/04/15		2,000	1,920,000
Term Loan B, 4.716% 5.057%, 5/04/14		2,912	2,777,063
MEG Energy Corp.:			
Delayed Draw Term Loan, 4.80%, 4/03/13		1,245	1,188,754
Initial Term Loan, 4.80%, 4/03/13		1,222	1,166,509
			9,903,451

Food & Staples Retailing 1.4%

AB Acquisitions UK Topco 2 Ltd. Facility B-2 UK Borrower, 7.405%, 7/05/15	GBP	4,000	6,466,578
DSW Holdings, Inc. Loan, 6.469%, 3/02/2012	USD	500	462,500
DS Waters of America Term Loan 4.719%, 10/29/12		1,398	1,292,836

			8,221,914
Food Products 1.5%			
Dole Food Co. Inc.:			
Credit-Linked Deposit, 2.658%, 4/12/13		345	316,708
Tranche B Term Loan, 4.50% 6%, 4/12/13		460	422,530
Eight O'Clock Coffee Co. Term Loan, 5.25%, 7/31/12		680	652,761
Solvest, Ltd. Tranche C Term Loan:			
4.50% 4.875%, 4/12/13		1,503	1,379,863
6%, 4/12/13		344	316,065
Sturm Foods, Inc. Initial First Lien Term Loan,			
5.25% 5.375%, 1/31/14 (d)		2,469	2,012,031
Wrigley Co. Term Loan B, 6.768%, 8/11/14		3,750	3,764,734
			8,864,692
Health Care Equipment & Supplies 2.3%			
Bausch & Lomb, Inc.:			
Delayed Draw Term Loan, 6.051%, 4/24/15		481	468,118
Parent Term Loan, 6.051%, 4/24/15		3,190	3,105,182
Biomet, Inc. Dollar Term Loan, 5.801%, 3/25/15		6,214	6,086,176
DJO Finance LLC Term Loan,			
5.469% 5.801%, 5/20/14		2,985	2,910,375
Hologic, Inc. Tranche B Term Loan, 5.75%, 3/31/13		1,168	1,160,985
			13,730,836

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

51

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
Health Care Providers & Services 4.6%		
CCS Medical, Inc. First Lien Term Loan,		

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6.06%, 9/30/12	USD	729	\$ 585,254
Community Health Systems, Inc. Funded Term Loan, 4.719% 5.06%, 7/25/14		9,073	8,575,270
DaVita, Inc. Tranche B-1 Term Loan, 3.97% 4.32%, 10/05/12		4,000	3,846,252
HCA, Inc. Tranche B Term Loan, 5.051%, 11/18/13		6,493	6,080,503
Health Management Associates, Inc. Term Loan B, 4.551%, 2/28/14		1,886	1,726,988
HealthSouth Corp. Term Loan, 5.29%, 3/11/13		1,750	1,655,624
Sterigenics International, Inc. Tranche B Term Loan, 5.03% 5.39%, 11/21/13		729	667,141
Surgical Care Affiliates LLC Term Loan, 5.051%, 12/29/14		995	875,578
Vanguard Health Holding Co. II, LLC Replacement Term Loan, 5.051%, 9/23/11		3,151	3,032,374
			27,044,984
Health Care Technology 0.2%			
Sunquest Holdings, Inc. (MISYS Hospital Systems) Term Loan, 5.72% 6.05%, 10/13/14		1,489	1,403,147
Hotels, Restaurants & Leisure 4.3%			
CCM Merger Inc. (Motor City Casino) Term Loan B, 4.677% 4.811%, 7/13/12		1,897	1,702,657
Green Valley Ranch Gaming LLC: New Term Loan, 4.469% 4.801%, 2/16/14		476	364,285
Second Lien Term Loan, 5.719%, 8/16/14		1,750	879,375
Harrah's Operating Co., Inc.: Term Loan B-1, 5.80% 5.801%, 12/22/12		472	413,567
Term Loan B-2, 5.80% 5.801%, 1/28/15		12,226	10,708,670
Term Loan B-3, 5.80% 5.801%, 1/28/15		419	367,266
Lake at Las Vegas Joint Venture/LLV-1, LLC (b)(c): Revolving Loan Credit-Linked, 16.10%, 6/20/12		361	54,167
Term Loan, 16.10%, 6/20/12		2,729	409,355
OSI Industries, LLC Term Loan B, 4.801%, 9/22/11		982	967,763
Penn National Gaming, Inc. Term Loan B, 4.21% 4.55%, 10/03/12		3,845	3,679,546
QCE LLC: First Lien Term Loan, 4.813%, 5/05/13		1,960	1,652,933
Second Lien Term Loan, 8.551%, 11/05/13		2,800	2,261,000
VML US Finance LLC (Venetian Macau) Term B Funded Project Loan, 5.06%, 5/27/13		1,624	1,572,976
			25,033,560
Household Durables 2.2%			
American Achievement Corp. Tranche B Term Loan, 4.91% 6.25%, 3/25/11		1,461	1,431,784
Jarden Corp. Term Loan B3, 5.301%, 1/24/12		1,492	1,373,066

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Simmons Bedding Co. Tranche D Term Loan, 4.50% 7.125%, 12/19/11		7,269	6,751,245
Visant Corp. Tranche C Term Loan, 5.171%, 12/21/11		1,819	1,768,944
The Yankee Candle Co., Inc. Term Loan, 4.48% 4.81%, 2/06/14		1,833	1,599,024
			<hr/>
			12,924,063

IT Services 4.7%

Activant Solutions Inc. Term Loan, 4.688% 4.813%, 5/02/13		3,541	3,062,617
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Floating Rate Loan Interests		Par (000)	Value
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IT Services (concluded)

Audio Visual Services Group, Inc.:			
Second Lien Term Loan, 8.31%, 8/28/14	USD	1,500	\$ 1,320,000
Tranche B Term Loan, 5.06%, 2/28/14		1,985	1,687,250
Ceridian Corp. U.S. Term Loan, 5.464%, 11/09/14		3,250	3,055,000
First Data Corp.:			
Initial Tranche B-1 Term Loan, 5.222% 5.552%, 9/24/14		2,845	2,606,222
Initial Tranche B-2 Term Loan, 5.222% 5.552%, 9/24/14		9,738	8,927,070
Initial Tranche B-3 Term Loan, 5.551% 5.552%, 9/24/14		1,000	916,389
RedPrairie Corp.:			
Term Loan 5.50% 7%, 7/20/12		491	461,754
Tack-on Loan 5.75%, 7/20/12		295	277,770
SunGard Data Systems, Inc. (Solar Capital Corp.)			
New U.S. Term Loan, 4.553%, 2/28/14		5,863	5,502,701
			<hr/>
			27,816,773

Independent Power Producers

& Energy Traders 4.8%

The AES Corp. Term Loan, 5.063% 5.10%, 8/10/11		2,000	1,952,500
NRG Energy, Inc. Term Loan, 4.301%, 2/01/13		4,240	4,016,070
Texas Competitive Electric Holdings Co., LLC (TXU):			
Initial Tranche Term Loan B-2, 5.963% 6.303%, 10/10/14		9,916	9,241,372
Initial Tranche Term Loan B-3, 5.963% 6.303%, 10/10/14		13,905	12,931,627
			<hr/>
			28,141,569

Industrial Conglomerates 0.5%

Sequa Corp. Term Loan, 6.06% 7.25%, 12/03/14		2,979	2,835,492
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Insurance 0.3%			
Alliant Holdings I, Inc. Term Loan, 5.801%, 08/21/14		1,983	1,823,906
Internet & Catalog Retail 0.3%			
FTD Group, Inc. Tranche B Term Loan, 7.50%, 8/04/14		1,750	1,697,500
Internet Software & Services 0.0%			
Channel Master Holdings, Inc. (a)(b):			
Revolving Credit, 8.313%, 11/15/04		128	
Term Loan, 9%, 11/15/04		1,014	
Leisure Equipment & Products 0.5%			
Fender Musical Instruments Corp.:			
Delayed Draw Term Loan, 5.06%, 6/09/14		668	584,307
Initial Loan, 5.05% 5.17%, 6/09/14		1,322	1,156,928
True Temper Sports, Inc. Term Loan, 6.034% 6.051%, 3/15/11		1,069	962,057
			2,703,292
Machinery 2.7%			
Harrington Holdings, Inc. First Lien Term Loan, 4.719%, 1/11/14		988	915,906
Mueller Water Products, Inc. Term Loan B, 4.219% 4.551%, 5/26/14		2,683	2,508,321
Navistar International Corp.:			
Revolving Credit-Linked Deposit, 5.686% 6.046%, 1/19/12		1,600	1,474,000
Term Advance, 6.046% 6.292%, 1/19/12		4,400	4,053,500

See Notes to Financial Statements.

52 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

Par

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Floating Rate Loan Interests		(000)	Value
Machinery (concluded)			
OshKosh Truck Corp. Term Loan B, 4.22% 4.43%, 12/06/13	USD	2,798	\$ 2,544,558
Trimas Co. LLC.:			
Tranche B-1 Loan, 2.463%, 8/02/13		937	848,437
Tranche B Term Loan, 4.72% 5.045%, 8/02/13		3,991	3,612,223
			15,956,945
Media 19.9%			
Alpha Topco Ltd.:			
Facility B-1, 4.719%, 12/31/13		857	779,357
Facility B-2, 4.719%, 12/31/13		589	535,808
Facility D (2nd Lien), 6.634%, 6/30/14		1,000	845,833
Bragg Communications Inc., Term Loan B, 5.182%, 8/31/14		2,978	2,917,950
CSC Holdings Inc. Incremental Term Loan, 4.214%, 3/29/13		3,970	3,775,084
Catalina Marketing Corp. Initial Term Loan, 5.801%, 10/01/14		2,482	2,330,444
Cengage Learning Acquisitions, Inc. (Thomson Learning):			
Term Loan, 4.97%, 7/03/14		2,479	2,152,646
Tranche 1 Incremental Term Loan, 7.50%, 7/05/14		6,750	6,682,500
Cequel Communications LLC (Cebridge):			
First Lien Term Loan, 6%, 11/05/13		918	856,637
Second Lien Term Loan, 7.301%, 11/05/13		5,000	4,380,000
Term Loan, 4.791% 4.804%, 11/05/13		5,015	4,680,772
Charter Communications, Operating LLC Replacement Term Loan, 4.67% 4.80%, 3/06/14		2,490	2,174,945
Clarke American Corp. Tranche B Term Loan, 5.291% 5.301%, 6/30/14		3,317	2,726,877
Cumulus Media, Inc. Replacement Term Loan, 4.216% 4.219%, 6/11/14		982	816,506
Dex Media West LLC Tranche B Term Loan, 7%, 10/24/14		3,000	2,743,125
DirecTV Holdings LLC Tranche C Term Loan, 5.25%, 4/13/13		1,975	1,967,594
Discovery Communications Holding, LLC Term Loan B, 4.801%, 5/14/14		3,454	3,366,570
FoxCo Acquisition Sub, LLC Term Loan, 7.25%, 7/14/15		750	726,875
GateHouse Media Operating, Inc. Initial Term Loan, 4.81%, 8/28/14		1,770	951,433
Getty Images, Inc. Initial Term Loan, 7.25%, 7/02/15		2,000	1,996,876
Gray Television, Inc. Term Loan B, 3.97% 4.29%, 12/31/14		2,700	2,241,102
HMH Publishing Co. Ltd.:			

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Mezzanine Second Lien Term Loan, 6.46%, 11/14/14		8,276	6,620,753
Tranche A Term Loan, 6.464%, 6/12/14		4,394	3,943,561
Hanley-Wood LLC Term Loan, 4.711% 4.717%, 3/08/14		2,250	1,746,563
Hargray Acquisition Co., First Lien Term Loan, 5.051%, 6/27/14		2,000	1,830,000
Idearc, Inc. Tranche B Term Loan, 4.47% 4.80%, 11/17/14		1,347	942,568
Intelsat Corp.:			
Term B-2-A, 5.288%, 1/03/14		1,259	1,197,827
Term B-2-B, 5.288%, 1/03/14		1,260	1,198,347
Term B-2-C, 5.288%, 1/03/14		1,259	1,197,827
Intelsat Subsidiary Holding Co. Ltd.			
Tranche B Term Loan, 5.288%, 7/03/13		1,982	1,992,248
Knology, Inc. Term Loan B, 5.038%, 6/30/12		2,475	2,277,000

Floating Rate Loan Interests		Par (000)	Value
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Media (concluded)

Local TV Finance, LLC Term Loan, 4.80% 4.87%, 5/07/13	USD	1,247	\$ 1,084,761
LodgeNet Entertainment Corp. Closing Date Term Loan, 4.81%, 4/04/14		1,965	1,739,229
MCC Iowa LLC (Mediacom Broadband Group) Tranche A Term Loan, 3.97% 3.98%, 3/31/10		2,844	2,701,562
MCNA Cable Holdings LLC (OneLink Communications Loan), 9.47%, 3/01/13 (d)		1,125	985,718
Merrill Communications LLC, Combined Term Loan, 4.719% 5.051%, 12/22/12		2,925	2,274,188
Metro-Goldwyn-Mayer, Inc. Tranche B Term Loan, 6.051%, 4/09/12		4,515	3,400,035
NEP II, Inc. Term Loan B, 5.051%, 2/16/14		1,234	1,110,929
NTL Cable Plc (Virgin) Term Loan B, 6.781%, 7/30/12	GBP	2,294	3,801,502
NV Broadcasting, LLC Second Lien, 9.19%, 10/26/14	USD	3,250	2,340,000
National Cinemedia LLC Term Loan, 4.54%, 2/13/15		2,500	2,248,660
Newsday LLC Floating Rate Term Loan, 7.958%, 8/01/13		2,500	2,500,000
NextMedia Operating, Inc.:			
Delay Draw Term Loan, 6.466%, 11/15/12		1,257	1,094,096
Initial First Lien Term Loan, 6.472%, 11/15/12		2,202	1,915,558
Second Lien Term Loan, 9.47%, 11/15/13		3,259	2,573,990
Nielsen Finance LLC Dollar Term Loan, 4.803%, 8/09/13		9,378	8,661,040
Penton Media Inc.:			
First Lien Term Loan 4.719% 5.049%, 2/01/13		494	374,016
Second Lien Loan 7.799%, 2/01/14		500	345,000

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Sitel, LLC (ClientLogic) U.S. Term Loan, 4.962% 5.359%, 1/30/14		968	751,762
United Pan Europe Communications Term Loan M, 6.513%, 12/31/14	EUR	2,000	2,609,515
Univision Communications, Inc. Initial Term Loan, 4.719% 5.049%, 9/29/14	USD	1,295	1,038,969
Weather Channel Term Loan B, 7.428%, 6/01/15		1,000	967,500
			<hr/>
			117,113,658
<hr/>	<hr/>	<hr/>	<hr/>
Metals & Mining 0.4%			
Algoma Steel, Inc. Term Loan, 4.98%, 6/20/13		2,459	2,323,388
<hr/>	<hr/>	<hr/>	<hr/>
Multi-Utilities 1.3%			
Energy Transfer Equity LP Term Loan, 4.553%, 11/01/12		750	726,407
KGen LLC:			
First Lien Term Loan, 4.563%, 2/08/14		1,231	1,148,141
Synthetic LC First Lien Loan, 2.653%, 2/08/14		750	699,375
La Paloma Generating Co., LLC:			
Acquisition Term Loan, 4.551%, 8/16/12		3,064	2,693,910
Delayed Take-Down Term Loan, 4.551%, 8/16/12		244	214,551
Synthetic Letter of Credit, 2.369%, 8/16/12		544	478,381
MACH Gen LLC:			
Synthetic Letter of Credit First Lien Loan, 2.551%, 2/22/13		69	65,251
Term B Loan, 4.81%, 2/22/14		670	637,344
USPF Holdings LLC Term Loan, 4.213%, 4/11/14		939	859,047
			<hr/>
			7,522,407
<hr/>	<hr/>	<hr/>	<hr/>

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

53

Schedule of Investments (continued)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
<hr/>	<hr/>	<hr/>

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Multiline Retail 0.6%

Neiman Marcus Group, Inc. Term Loan, 4.422%, 4/06/13	USD	4,053	\$ 3,760,472
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Oil, Gas & Consumable Fuels 2.8%

Big West Oil LLC: Delayed Advance Loan, 4.471% 4.68%, 5/15/14		963	847,000
Initial Advance Loan, 4.68%, 5/15/14		770	677,600
Enterprise GP Holdings LP Term Loan B, 4.713% 5.04%, 11/10/14		3,500	3,419,063
Petroleum Geo-Services ASA/PGS Finance, Inc. Term Loan, 4.55%, 6/28/15		1,910	1,850,555
Scorpion Drilling Ltd. Second Lien 9.969%, 5/05/15		7,000	7,070,000
Vulcan Energy Corp. Term Loan B-3, 6.25%, 8/12/11		1,750	1,741,250
Western Refining Inc. Term Loan, 7.75%, 5/30/14		1,134	977,228
			16,582,696

Other 0.1%

Multicultural Radio Broadcasting Inc. Term Loan, 5.422%, 12/18/12		567	510,413
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Paper & Forest Products 2.3%

Georgia-Pacific LLC: Add-on Term Loan B, 4.446% 4.551%, 12/20/12		1,909	1,802,313
Term Loan B, 4.219% 4.551%, 12/20/12		8,095	7,643,683
NewPage Corp. Term Loan, 6.563%, 12/22/14		3,980	3,877,515
			13,323,511

Personal Products 0.4%

American Safety Razor Co. LLC Second Lien Loan, 8.72% 8.89%, 1/30/14		2,650	2,385,000
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Pharmaceuticals 0.4%

Cardinal Health 409, Inc. Dollar Term Loan, 5.051%, 4/10/14		2,970	2,591,325
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Professional Services 0.3%

Booz Allen Hamilton, Inc. Tranche B Term Loan, 7.50%, 7/31/15		2,000	2,000,834
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Real Estate Management & Development 0.8%

Capital Automotive L Term Loan, 4.22%, 12/16/10		2,128	2,004,865
Mattamy Funding Partnership Loan, 5.063%, 4/11/13		2,933	2,441,306

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			4,446,171
<hr/>			
Road & Rail 0.4%			
Rail America, Inc.:			
Canadian Term Loan, 6.79%, 8/14/09		156	155,648
U.S. Term Loan, 6.79%, 8/14/09		2,093	2,083,102
			<hr/>
			2,238,750
<hr/>			
Semiconductors & Semiconductor Equipment 0.2%			
Marvell Technology Group, Ltd. Term Loan, 4.969%, 11/09/09		964	954,113
<hr/>			
Service 0.3%			
Alliance Laundry Systems LLC Term Loan, 4.96%, 1/27/12		1,609	1,560,255
<hr/>			
		Par	
Floating Rate Loan Interests		(000)	Value
<hr/>			
Specialty Retail 0.7%			
Adesa, Inc. (KAR Holdings, Inc.) Initial Term Loan, 5.06%, 10/21/13	USD	983	\$ 874,279
Burlington Coat Factory Warehouse Corp. Term Loan, 5.06%, 5/28/13		987	764,354
Claire's Stores Inc. Term Loan B, 5.551% 5.56%, 5/29/14		1,484	991,469
General Nutrition Centers, Inc. Term Loan, 5.04% 5.06%, 9/16/13		1,750	1,576,458
			<hr/>
			4,206,560
<hr/>			
Textiles, Apparel & Luxury Goods 0.2%			
Hanesbrands, Inc. First Lien Term Loan B, 4.545% 4.551%, 9/05/13		1,199	1,162,535
<hr/>			
Trading Companies & Distributors 0.1%			
Beacon Sales Acquisition, Inc. Term Loan B, 4.469% 4.783%, 9/30/13		983	874,425
<hr/>			
Wireless Telecommunication Services 1.9%			
Cellular South, Inc. Term Loan, 4.22% 4.545%, 5/29/14		1,485	1,425,600
Centennial Cellular Operating Co. New Term Loan, 4.469% 4.801%, 2/09/11		2,942	2,877,930
Cricket Communications, Inc. Term Loan B, 6.50%, 6/16/13		2,050	2,022,667

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Crown Castle Operating Co. Tranche B Term Loan, 4.301%, 3/06/14	(e)	12	
IPC Systems, Inc. Tranche B-1 Term Loan, 5.051%, 6/02/14	2,475	1,856,250	
LT LLC: Delay Draw Term Loan, 5.219%, 8/15/14	140	133,356	
First Lien Term Loan, 5.219% 5.551%, 8/15/14	610	579,144	
MetroPCS Wireless, Inc. New Tranche B Term Loan, 4.75% 5.063%, 11/04/13	2,750	2,626,564	
			11,521,523
Total Floating Rate Loan Interests 91.6%			539,476,414
Corporate Bonds			
Chemicals 0.8%			
GEO Specialty Chemicals Corp. (f): 11.283%, 12/31/09	3,929	2,941,839	
7.50%, 3/31/15 (a)(g)	2,354	1,762,785	
			4,704,624
Diversified Financial Services 0.1%			
Ford Motor Credit Co. LLC, 7.241%, 4/15/12 (h)	750	717,211	
Diversified Telecommunication Services 0.9%			
Qwest Communications International, Inc., 6.304%, 2/15/09 (h)	3,166	3,158,085	
Qwest Corp., 6.026%, 6/15/13 (h)	2,525	2,335,625	
			5,493,710
Hotels, Restaurants & Leisure 0.6%			
Galaxy Entertainment Finance Co. Ltd., 8.133%, 12/15/10 (g)(h)	3,300	3,168,000	
Universal City Florida Holding Co. I, 7.551%, 5/01/10 (h)	50	48,375	
			3,216,375

See Notes to Financial Statements.

54 ANNUAL REPORT

AUGUST 31, 2008

Schedule of Investments (concluded)

Master Senior Floating Rate LLC

(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
Paper & Forest Products 2.2%			
Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (g)	USD	2,763	\$ 2,217,289
NewPage Corp., 9.051%, 5/01/12 (h)		650	609,375
Verso Paper Holdings LLC Series B, 6.551%, 8/01/14 (h)		11,400	10,146,000
			12,972,664
Total Corporate Bonds 4.6%			27,104,584

Common Stocks		Shares	
Chemicals 0.0%			
GEO Specialty Chemicals, Inc. (a)(c)		39,151	15,030
Commercial Services & Supplies 0.0%			
Sirva Technologies Holding Co. (a)		1,817	127,190
Paper & Forest Products 0.4%			
Ainsworth Lumber Co. Ltd.		335,139	962,679
Ainsworth Lumber Co. Ltd. (g)		376,109	1,082,354
			2,045,033
Total Common Stocks 0.4%			2,187,253

Warrant (i)

Electric Utilities 0.0%

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Reliant Resources (expires 10/25/08)		9,115	108,833
Total Warrant 0.0%			108,833
Total Long-Term Investments (Cost \$629,257,169) 96.6%			568,877,084
Short-Term Securities		Beneficial Interest (000)	
BlackRock Liquidity Series, LLC Cash Sweep Series, 2.41% (j)(k)	USD	29,066	29,066,037
Total Short-Term Securities (Cost \$29,066,037) 5.0%			29,066,037
Total Investments (Cost \$658,323,206*) 101.6%			597,943,121
Liabilities in Excess of Other Assets (1.6)%			(9,195,102)
Net Assets 100.0%			\$588,748,019

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

Aggregate cost	\$657,671,550
Gross unrealized appreciation	\$ 2,269,668
Gross unrealized depreciation	(61,998,097)
Net unrealized depreciation	\$ (59,728,429)

(a) Security is fair valued.

(b) Issuer filed for bankruptcy or is in default of interest payments.

(c) Non-income producing security.

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

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

(f) Convertible security.

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

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qualified institutional investors.

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

(i) 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.

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

Affiliate	Net Activity (000)	Income
BlackRock Liquidity Series, LLC		
Cash Sweep Series	\$(68,486)	\$2,051,036

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

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 more widely recognized market indexes or ratings group indexes, and/or as defined by Master LLC management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

Currency Purchased	Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation)
EUR 1,300,000	USD 1,929,984	10/23/08	\$ (28,472)
USD 938,873	CAD 1,000,000	10/23/08	(2,271)
USD 7,504,998	GBP 3,803,000	10/23/08	601,096
USD 1,374,092	EUR 880,000	10/25/08	87,060
Total			\$ 657,413

Swaps outstanding as of August 31, 2008 were as follows:

Notional Amount (000)	Unrealized Appreciation

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Bought credit default protection on
 LCDX Index and pay 3.25%
 Broker, UBS Warburg
 Expires June 2013

\$3,500

\$ 58,415

Currency Abbreviations:
 CAD Canadian Dollar
 EUR Euro
 GBP British Pound
 USD U.S. Dollar

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

55

Statement of Assets and Liabilities

Master Senior Floating Rate LLC

August 31, 2008

Assets

Investments at value unaffiliated (cost \$629,257,169)	\$ 568,877,084
Investments at value affiliated (cost \$29,066,037)	29,066,037
Unrealized appreciation on foreign currency exchange contracts	688,156
Unrealized appreciation on swaps	58,415
Foreign currency at value (cost \$458,288)	444,346
Cash	222,282
Investments sold receivable	8,148,088
Interest receivable	4,881,560
Contributions receivable from investors	1,430,848
Principal paydown receivable	76,053
Swap premium paid	42,767
Commitment fees receivable	9,843
Prepaid expenses	20,867
Other assets	48,432
Total assets	614,014,778

Liabilities

Investments purchased payable	24,085,674
Investment advisory fees payable	486,691
Unrealized depreciation on unfunded corporate loans	372,278
Unrealized depreciation on foreign currency exchange contracts	30,743
Swaps payable	23,382
Deferred income	19,281
Other affiliates payable	4,188
Officers and Directors fees payable	259
Other accrued expenses payable	243,524
Other liabilities payable	739
Total liabilities	25,266,759
Net Assets	\$ 588,748,019

Net Assets Consist of

Investors capital	\$ 648,528,995
Net unrealized appreciation/depreciation	(59,780,976)
Net Assets	\$ 588,748,019

See Notes to Financial Statements.

56 ANNUAL REPORT

AUGUST 31, 2008

Statement of Operations

Master Senior Floating Rate LLC

Year Ended August 31, 2008

Investment Income	
Interest (including \$2,051,036 from affiliates)	\$ 47,332,152
Facility and other fees	270,569
Total income	47,602,721

Expenses

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Investment advisory	6,054,249
Accounting services	225,085
Professional	189,646
Officer and Directors	56,176
Custodian	50,686
Printing	6,798
Miscellaneous	53,793
Total expenses	6,636,433
Net investment income	40,966,288
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	(21,363,460)
Swaps	269,425
Foreign currency	(125,814)
	(21,219,849)
Net change in unrealized appreciation/depreciation on:	
Investments	(28,697,039)
Swaps	65,083
Foreign currency	912,971
Unfunded corporate loans	536,905
	(27,182,080)
Total realized and unrealized loss	(48,401,929)
Net Decrease in Net Assets Resulting from Operations	\$ (7,435,641)

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

57

Statements of Changes in Net Assets

Master Senior Floating Rate LLC

Year Ended
August 31,

Increase (Decrease) in Net Assets:

2008

2007

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Operations					
Net investment income				\$ 40,966,288	\$ 57,598,184
Net realized loss				(21,219,849)	(35,000,705)
Net change in unrealized appreciation/depreciation				(27,182,080)	6,856,164
Net increase (decrease) in net assets resulting from operations				(7,435,641)	29,453,643
Capital Transactions					
Proceeds from contributions				62,053,522	58,523,411
Fair value of withdrawals				(224,197,628)	(255,559,328)
Net decrease in net assets derived from capital transactions				(162,144,106)	(197,035,917)
Net Assets					
Total decrease in net assets				(169,579,747)	(167,582,274)
Beginning of year				758,327,766	925,910,040
End of year				\$ 588,748,019	\$ 758,327,766

Financial Highlights

Master Senior Floating Rate LLC

	Year Ended August 31,				
	2008	2007	2006	2005	2004
Total Investment Return					
Total investment return	(1.08)%	3.49%	5.37%	5.78%	10.15%
Ratios to Average Net Assets					
Total expenses excluding interest expense	1.04%	1.02%	1.03%	1.01%	1.02%
Total expenses	1.04%	1.04%	1.04%	1.01%	1.02%
Net investment income	6.41%	7.07%	6.22%	4.52%	3.81%

Supplemental Data

Net assets, end of year (000)	\$ 588,748	\$ 758,328	\$ 925,910	\$1,032,819	\$1,052,881
Portfolio turnover	56%	46%	54%	53%	76%
Average loan outstanding during the year (000)		\$ 2,255	\$ 1,932		

See Notes to Financial Statements.

58 ANNUAL REPORT

AUGUST 31, 2008

Notes to Financial Statements **Master Senior Floating Rate LLC**

1. 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 nontransferable 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 the use of management accruals and estimates. Actual results may differ from these estimates.

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

Valuation of Investments: The Master LLC values most of its bond investments on the basis of last available bid price or current market quotations provided by dealers or pricing services selected under the supervision of the Board. Floating rate loan interests are valued at the mean between the last available bid prices from one or more brokers or dealers as obtained from pricing services. 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 by quoted fair values received daily by the Master LLC's pricing service or through brokers. Short-term securities are valued at amortized cost.

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.

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, the investment will be valued by, under the direction of, or in accordance with, a method approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or 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.

Derivative Financial Instruments: The Master LLC may engage in various portfolio investment strategies both to increase the return of the Master LLC and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security, or if the counterparty does not perform under the contract.

Credit Default Swaps The Master LLC may invest in credit default swaps, which are agreements in which one party pays fixed periodic payments to a counterparty in consideration for a guarantee from the counterparty to make a specific payment should a negative credit event take place. These periodic payments received or made by the Master LLC are recorded in the accompanying Statement of Operations as realized gains and losses, respectively. Gains or losses are also realized upon termination of the swap agreements. 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.

Foreign Currency Exchange Contracts The Master LLC may enter into foreign currency exchange contracts as a hedge against either specific transactions or portfolio positions. Foreign currency exchange contracts, when used by the Master LLC, help to manage the overall exposure to the foreign 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.

Foreign Currency Transactions: Foreign currency amounts are translated into United States dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange; and (ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

ANNUAL REPORT

AUGUST 31, 2008

59

Notes to Financial Statements (continued) [Master Senior Floating Rate LLC](#)

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

Floating Rate Loans: The Master LLC invests in floating rate loans, which are generally non-investment grade, made by banks, other financial institutions and privately and publicly offered corporations. Floating rate loans generally pay interest at rates that are periodically predetermined by reference to a base lending rate plus a premium. The base lending rates are generally (i) the lending rate offered by one or more European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more U.S. banks or (iii) the certificate of deposit rate. The Master LLC considers these investments to be investments in debt securities for purposes of its investment policies.

The Master LLC earns and/or pays facility and other fees on floating rate loans. Other fees earned/paid include commitment, amendment, consent, commissions and prepayment penalty fees. Facility, amendment and consent fees are typically amortized as premium and/or accreted as discount over the term of the loan. Commitment, commission and various other fees are recorded as income or expense. Prepayment penalty fees are recorded as gains or losses. When the Master LLC buys a floating rate loan it may receive a facility fee and when it sells a floating rate loan it may pay a facility fee. On an ongoing basis, a Master LLC may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a floating rate loan. In certain circum-

stances, a Master LLC may receive a prepayment penalty fee upon the prepayment of a floating rate loan by a borrower. Other fees received by a Master LLC may include covenant waiver fees and covenant modification fees.

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 loans are usually freely callable at the issuer'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 relating to the loans, 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 investments in loan participation interests involve 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: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Master LLC segregate assets in connection with certain investments (e.g., swaps) and certain borrowings, the Master LLC will, consistent with certain interpretive letters issued by the SEC, designate on its books and records cash or other liquid debt securities having a market value at least equal to the amount that would otherwise be required to be physically segregated.

Investment Transactions and Investment Income: Investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security 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 is recognized on the accrual basis. The Master LLC amortizes all premiums

and discounts on debt securities.

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 net assets will be managed so an investor in the Master LLC can satisfy the requirements of Subchapter M of the Internal Revenue Code.

60 ANNUAL REPORT

AUGUST 31, 2008

Notes to Financial Statements (continued) Master Senior Floating Rate LLC

Effective February 29, 2008, the Master LLC implemented Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. The investment advisor has evaluated the application of FIN 48 to the Master LLC, and has determined that the adoption of FIN 48 does not have a material impact on the Master LLC's financial statements. The Master LLC files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Master LLCs' U.S. federal tax returns remain open for the years ended August 31, 2005 through August 31, 2007. The statutes of limitations on the Master LLCs' state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Recent Accounting Pronouncements: In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The impact on the Master LLCs' financial statement disclosures, if any, is currently being assessed.

In March 2008, Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133" ("FAS 161"), was issued. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted

for, and how derivative instruments affect an entity's results of operations and financial position. In September 2008, FASB Staff Position No. 133-1 and FASB Interpretation No. 45-4 (the "FSP"), Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161 was issued and is effective for fiscal years and interim periods ending after November 15, 2008. The FSP amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. The FSP also clarifies the effective date of FAS 161, whereby disclosures required by FAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The impact on the Master LLC's financial statement disclosures, if any, is currently being assessed.

Deferred Compensation and BlackRock Closed-End Share Equivalent

Investment Plan: Under the deferred compensation plan approved by the Master LLCs' 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 have been invested in common shares of other certain 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 other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Master LLC. The Master LLC may, however, elect to invest in common stock of other certain BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations.

Other: Expenses directly related to the Master LLC are charged to that 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.

2. Investment Advisory Agreement and Other Transactions with Affiliates:

The Master LLC entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the "Advisor") to provide investment advisory and administration services. Merrill Lynch & Co., Inc. (Merrill Lynch) and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc.

The Advisor 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 Advisor a monthly fee at an annual rate of 0.95% of the value of the average daily net assets of the Master LLC.

The Advisor has entered into a separate sub-advisory agreement with BlackRock Financial Management, Inc. (BFM), an affiliate of the Advisor, under which the Advisor pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fee paid by the Master LLC to the Advisor.

For the year ended August 31, 2008, the Master LLC reimbursed the Advisor \$11,086 for certain accounting services, which are included in accounting services in the Statement of Operations.

ANNUAL REPORT

AUGUST 31, 2008

61

Notes to Financial Statements (concluded) [Master Senior Floating Rate LLC](#)

Certain officers and/or directors of the Master LLC are officers and/or directors of BlackRock, Inc. or its affiliates. The Master LLC reimburses the Advisor for compensation to the Master LLC's Chief Compliance Officer.

3. Investments:

Purchases and sales (including paydowns) of investments, excluding short-term securities, for the year ended August 31, 2008 were \$333,699,056 and \$362,238,110, respectively.

4. Commitments:

The Master LLC may invest in floating rate loans. In connection with these investments, the Master LLC may, with its Advisor, also enter into unfunded corporate loan commitments. Commitments may obligate the Master LLC to furnish temporary financing to a borrower until permanent financing can be arranged. At August 31, 2008, the Master LLC had outstanding unfunded commitments of approximately \$7,285,000. 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, 2008 the Master LLC had the following unfunded loan commitments:

Value of

Borrower	Unfunded Commitment (000)	Underlying Loan (000)
Bausch & Lomb , Inc	\$ 321	\$ 312
Cellular South, Inc	\$ 500	\$ 480
Community Health Systems, Inc	\$ 464	\$ 439
Vought Aircraft Industries, Inc	\$6,000	\$5,663

5. Short-Term Borrowings:

The Master LLC, along with certain other funds managed by the Advisor and its affiliates, is party to a \$500,000,000 credit agreement with a group of lenders. The Master LLC may borrow under the credit agreement to fund shareholder redemptions and for other lawful purposes other than for leverage. The Master LLC may borrow up to the maximum amount allowable under the Master LLC's current Prospectus and Statement of Additional Information, subject to various other legal, regulatory or contractual limits. On November 21, 2007, the credit agreement was renewed for one year under substantially the same terms. The Master LLC pays a commitment fee of 0.06% 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. Amounts borrowed under the credit agreement bear interest at a rate equal to, at each fund's election, the federal funds rate plus 0.35% or a base rate as defined in the credit agreement. The Master LLC did not borrow under the credit agreement during the year ended August 31, 2008.

6. Subsequent Event:

On September 15, 2008, Bank of America Corporation announced that it has agreed to acquire Merrill Lynch, one of the principal owners of BlackRock, Inc. The purchase has been approved by the directors of both companies. Subject to shareholder and regulatory approvals, the transaction is expected to close in the first quarter of 2009.

62 ANNUAL REPORT

AUGUST 31, 2008

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, 2008, and the related statement 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 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, 2008, by correspondence with the custodian and financial intermediaries; where replies were not received from financial intermediaries, 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, 2008, the results of its operations 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, 2008

ANNUAL REPORT

AUGUST 31, 2008

Disclosure of Investment Advisory Agreement and Subadvisory Agreement

The Boards of Directors (collectively, the "Board," the members of which are referred to as Directors) of the BlackRock Diversified Income Strategies Fund, Inc. (DVF), BlackRock Floating Rate Income Strategies Fund, Inc. (FRA), BlackRock Senior Floating Rate Fund, Inc. (SFR-I), BlackRock Senior Floating Rate Fund II, Inc. (SFR-II) and Master Senior Floating Rate LLC (MSFR, and together with DVF, FRA, SFR-I and SFR-II, the Funds) met in April and May 2008 to consider approving the continuation of each Fund's investment advisory agreement (each, an Advisory Agreement) with BlackRock Advisors, LLC (the Advisor), each Fund's investment advisor. The Board also considered the approval of each Fund's subadvisory agreement (each, a Subadvisory Agreement and, together with the Advisory Agreement, the Agreements) between the Advisor and BlackRock Financial Management, Inc. (the Subadvisor). The Advisor and the Subadvisor are collectively referred to herein as the Advisors and, together with BlackRock, Inc., BlackRock.

Activities and Composition of the Board

The Board of each Fund consists of thirteen individuals, eleven of whom are not interested persons of the Funds as defined in the Investment Company Act of 1940 (the 1940 Act) (the Independent Directors). The Directors are responsible for the oversight of the operations of the Funds and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Directors have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Board is an Independent Director. The Board has established four standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee and a Performance Oversight Committee.

Advisory Agreement and Subadvisory Agreement

Upon the consummation of the combination of BlackRock, Inc.'s investment management business with Merrill Lynch & Co., Inc.'s investment management business, including Merrill Lynch Investment Managers, L. ., and certain affiliates, each Fund entered into an Advisory Agreement and a Subadvisory Agreement, each with an initial two-year term. Consistent with the 1940 Act, after the Advisory Agreement's and Subadvisory Agreement's respective initial two-year term, the Board is required to consider the continuation of each Fund's Advisory Agreement and Subadvisory Agreement on an annual basis. In connection with this process, the Board assessed, among other things, the nature, scope and quality of the services provided to each Fund by the personnel of BlackRock and its affiliates, including investment advisory services, administrative services, secondary market support services, oversight of fund accounting and custody, and assistance in meeting legal and regulatory requirements. The Board also received and assessed information regarding the services provided to each Fund by certain unaffiliated

service providers.

Throughout the year, the Board also considered a range of information in connection with its oversight of the services provided by BlackRock and its affiliates. Among the matters the Board considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, as well as senior management and portfolio managers' analysis of the reasons for underperformance, if applicable; (b) fees, including advisory, administration and other fees paid to BlackRock and its affiliates by each Fund, such as transfer agency fees and fees for marketing and distribution, as applicable; (c) Fund operating expenses paid to third parties; (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 guidelines approved by the Board; (i) execution quality; (j) valuation and liquidity procedures; and (k) reviews of BlackRock's business, including BlackRock's response to the increasing scale of its business.

Board Considerations in Approving the Advisory Agreement and Subadvisory Agreement

To assist the Board in its evaluation of the Agreements, the Directors received information from BlackRock in advance of the April 22, 2008 meeting which detailed, among other things, the organization, business lines and capabilities of the Advisors, including: (a) the responsibilities of various departments and key personnel and biographical information relating to key personnel; (b) financial statements for BlackRock; (c) the advisory and/or administrative fees paid by each Fund to the Advisors, including comparisons, compiled by Lipper Inc. (Lipper), an independent third party, with the management fees, which include advisory and administration fees, of funds with similar investment objectives (Peers); (d) the profitability of BlackRock and certain industry profitability analyses for advisors to registered investment companies; (e) the expenses of BlackRock in providing various services; (f) non-investment advisory reimbursements, if applicable, and fallout benefits to BlackRock; (g) economies of scale, if any, generated through the Advisors' management of all of the BlackRock closed-end funds (the Fund Complex); (h) the expenses of each Fund, including comparisons of each such Fund's expense ratios (both before and after any fee waivers) with the expense ratios of its Peers; (i) an internal comparison of management fees classified by Lipper, if applicable; and (j) each Fund's performance for the past one-, three- and five-year periods, as applicable, as well as each Fund's performance compared to its Peers.

The Board also considered other matters it deemed important to the approval process, where applicable, such as payments made to

BlackRock or its affiliates relating to the distribution of Fund shares,

64 ANNUAL REPORT

AUGUST 31, 2008

Disclosure of Investment Advisory Agreement and Subadvisory Agreement (continued)

services related to the valuation and pricing of Fund portfolio holdings, and direct and indirect benefits to BlackRock and its affiliates from their relationship with the Funds.

In addition to the foregoing materials, independent legal counsel to the Independent Directors provided a legal memorandum outlining, among other things, the duties of the Board under the 1940 Act, as well as the general principles of relevant law in reviewing and approving advisory contracts, the requirements of the 1940 Act in such matters, an advisor's fiduciary duty with respect to advisory agreements and compensation, and the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and the factors to be considered by boards in voting on advisory agreements.

The Independent Directors reviewed this information and discussed it with independent legal counsel prior to the meeting on April 22, 2008. At the Board meeting on April 22, 2008, BlackRock made a presentation to and responded to questions from the Board. Following the meeting on April 22, 2008, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written materials provided to the Directors prior to the meetings on May 29 and 30, 2008. At the Board meetings on May 29 and 30, 2008, BlackRock responded to further questions from the Board. In connection with BlackRock's presentations, the Board considered each Agreement and, in consultation with independent legal counsel, reviewed the factors set out in judicial decisions and Securities and Exchange Commission (SEC) statements relating to the renewal of the Agreements.

Matters Considered by the Board

In connection with its deliberations with respect to the Agreements, the Board considered all factors it believed relevant with respect to each Fund, including the following: the nature, extent and quality of the services provided by the Advisors; the investment performance of each Fund; the costs of the services to be provided and profits to be realized by the Advisors and their affiliates from their relationship with the Funds; the extent to which economies of scale would be realized as the Fund Complex grows; and whether BlackRock realizes other benefits from its relationship with the Funds.

A. Nature, Extent and Quality of the Services: In evaluating the nature, extent and quality of the Advisors' services, the Board reviewed information concerning the types of services that the Advisors provide and are expected to provide to each Fund, narrative and statistical information concerning each Fund's performance record and how such performance compares to each Fund's Peers, information describing BlackRock's organization and its various departments, the experience and responsibilities of key personnel and available resources. The Board noted the willingness of the personnel of BlackRock to engage in open, candid discussions with the Board. The Board further considered the quality of the Advisors' investment process in making portfolio management decisions.

In addition to advisory services, the Directors considered the quality of the administrative and non-investment advisory services provided to the Funds. The Advisors and their affiliates provided each Fund with such administrative, transfer agency, shareholder and other services, as applicable (in addition to any such services provided by others for the Funds), and officers and other personnel as are necessary for the operations of the respective Fund. In addition to investment management services, the Advisors and their affiliates provided each Fund with services such as: preparing shareholder reports and communications, including annual and semi-annual financial statements and the Funds websites; communications with analysts to support secondary market trading; assisting with daily accounting and pricing; preparing periodic filings with regulators and stock exchanges; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal and compliance support (such as helping to prepare proxy statements and responding to regulatory inquiries); and performing other Fund administrative tasks necessary for the operation of the respective Fund (such as tax reporting and fulfilling regulatory filing requirements). The Board considered the Advisors' policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Funds and BlackRock: As previously noted, the Board received performance information regarding each Fund and its Peers. Among other things, the Board received materials reflecting each Fund's historic performance and each Fund's one-, three- and five-year total returns (as applicable) relative to its Peers (including the Peers' median performance). The Board was provided with a description of the methodology used by Lipper to select each Fund's Peers. The Board noted that it regularly reviews the performance of each Fund throughout the year. The Board reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper rankings.

The Board noted that in general DVF performed better than its Peers in that its performance was at or above the median of its respective Peers in at least one of the one-year and since inception periods reported.

The Board noted that in general FRA performed better than its Peers in that its performance was at or above the median of its Peers in at least two of the one-year, three-year and since inception periods reported.

The Board noted that in general SFR-I performed better than its Peers in that its performance was at or above the median of its Peers in at least two of the one-, three- and five-year periods reported.

The Board noted that although SFR-II underperformed its Peers in at least two of the one-, three- and five-year periods reported, such underperformance was not greater than 10% of the median return of its Peers for any of the periods above and therefore was not considered to be material. The Board concluded that BlackRock was committed to pro-

ANNUAL REPORT

AUGUST 31, 2008

65

Disclosure of Investment Advisory Agreement and Subadvisory Agreement (continued)

viding the resources necessary to assist the portfolio managers and to continue improving SFR-II's performance. Based on its review, the Board generally was satisfied with BlackRock's efforts to manage SFR-II.

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: In evaluating the management fees and expenses that each Fund is expected to bear, the Board considered each Fund's current management fee structure and each Fund's expense ratios in absolute terms as well as relative to the fees and expense ratios of its applicable Peers. The Board, among other things, reviewed comparisons of each Fund's gross management fees before and after any applicable reimbursements and fee waivers and total expense ratios before and after any applicable waivers with those of applicable Peers. The Board also reviewed a narrative analysis of the Peer rankings prepared by Lipper and summarized by BlackRock at the request of the Board. This summary placed the Peer rankings into context by analyzing various factors that affect these comparisons.

The Board noted that each of DVF and FRA paid contractual management fees lower than or equal to the median contractual fees paid by each Fund's respective Peers. This comparison was made without giving effect to any expense reimbursements or fee waivers.

The Board noted that, although SFR-I paid contractual management

fees higher than the median of its Peers, such fees were no more than 5 basis points greater than the median amount and therefore considered not to be materially higher than its Peers. This comparison was made without giving effect to any expense reimbursements or fee waivers.

The Board noted that, although SFR-II paid contractual management fees higher than the median of its Peers, BlackRock and its affiliates incur increased business risk in connection with the distribution of the Fund's shares because the Advisor makes payments relating to distribution and sales support activities out of their past profits or other sources available to them (and not as an additional charge to the Fund). The Board concluded that a higher fee to compensate the Advisor for this additional risk was reasonable.

The Board also compared the management fees charged and services provided by the Advisors to closed-end funds in general versus other types of clients (such as open-end investment companies and separately managed institutional accounts) in similar investment categories. The Board noted certain differences in services provided and costs incurred by the Advisor with respect to closed-end funds compared to these other types of clients and the reasons for such differences.

In connection with the Board's consideration of the fees and expense information, the Board reviewed the considerable investment management experience of the Advisors and considered the high level of investment management, administrative and other services provided by the Advisors.

D. Profitability of BlackRock: The Board also considered BlackRock's profitability in conjunction with its review of fees. The Board reviewed BlackRock's profitability with respect to the Fund Complex and other fund complexes managed by the Advisors. In reviewing profitability, the Board recognized that one of the most difficult issues in determining profitability is establishing a method of allocating expenses. The Board also reviewed BlackRock's assumptions and methodology of allocating expenses, noting the inherent limitations in allocating costs among various advisory products. The Board also recognized that individual fund or product line profitability of other advisors is generally not publicly available.

The Board recognized that profitability may be affected by numerous factors including, among other things, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited. Nevertheless, to the extent available, the Board considered BlackRock's operating margin compared to the operating margin estimated by BlackRock for a leading investment management firm whose operations consist primarily of advising closed-end funds. The comparison indicated that BlackRock's operating margin was approximately the same as the operating margin of such firm.

In evaluating the reasonableness of the Advisors' compensation, the Board also considered any other revenues paid to the Advisors, including partial reimbursements paid to the Advisors for certain non-investment advisory services, if applicable. The Board noted that these payments were less than the Advisors' costs for providing these services. The Board also considered indirect benefits (such as soft dollar arrangements) that the Advisors and their affiliates are expected to receive, which are attributable to their management of the Fund.

E. Economies of Scale: In reviewing each Fund's fees and expenses, the Board examined the potential benefits of economies of scale, and whether any economies of scale should be reflected in the Fund's fee structure, for example through the use of breakpoints for the Fund or the Fund Complex. In this regard, the Board reviewed information provided by BlackRock, noting that most closed-end fund complexes do not have

66 ANNUAL REPORT

AUGUST 31, 2008

Disclosure of Investment Advisory Agreement and Subadvisory Agreement (continued)

fund-level breakpoints because closed-end funds generally do not experience substantial growth after their initial public offering and each fund is managed independently consistent with its own investment objectives. The Board noted that only three closed-end funds in the Fund Complex have breakpoints in their fee structures. Information provided by Lipper also revealed that only one closed-end fund complex used a complex-level breakpoint structure. The Board found, based on its review of comparable funds, that each Fund's management fee is appropriate in light of the scale of the respective Fund.

F. Other Factors: In evaluating fees, the Board also considered indirect benefits or profits the Advisors or their affiliates may receive as a result of their relationships with the Funds ("fall-out benefits"). The Directors, including the Independent Directors, considered the intangible benefits that accrue to the Advisors and their affiliates by virtue of their relationships with the Funds, including potential benefits accruing to the Advisors and their affiliates as a result of participating in offerings of the Funds' shares, potentially stronger relationships with members of the broker-dealer community, increased name recognition of the Advisors and their affiliates, enhanced sales of other investment funds and products sponsored by the Advisors and their affiliates and increased assets under management which may increase the benefits realized by the Advisors from soft dollar arrangements with broker-dealers. The Board also considered the unquantifiable nature of these potential benefits.

Conclusion with Respect to the Agreements

In reviewing and approving the continuation of the Agreements, the Directors did not identify any single factor discussed above as all-important or controlling, but considered all factors together, and different Directors may have attributed different weights to the various factors considered. The Independent Directors were also assisted by the advice of independent legal counsel in making this determination. The Directors, including the Independent Directors, unanimously determined that each of the factors described above, in light of all the other factors and all of the facts and circumstances applicable to each respective Fund, was acceptable for each Fund and supported the Directors' conclusion that the terms of each Agreement were fair and reasonable, that each Fund's fees are reasonable in light of the services provided to the respective Fund and that each Agreement should be approved.

Disclosure of Investment Advisory Agreement and Subadvisory Agreement for BlackRock Defined Opportunity Credit Trust

The Board of the BlackRock Defined Opportunity Credit Trust (the Trust) met on November 7, 2007 and November 29, 2007 to consider the approval of the Trust's Advisory Agreement with the Advisor. The Board also considered the approval of the Trust's Subadvisory Agreement between the Advisor and the Subadvisor. The Trust commenced operations in January 2008.

Activities and Composition of the Board

The Board of Trustees of the Trust consists of thirteen individuals, eleven of whom are not interested persons of the Trust as defined in the 1940 Act (the Independent Trustees). The Trustees are responsible for the oversight of the operations of the Trust and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Trustees retained independent legal counsel to assist them in connection with their duties. The Chairman of the Board is an Independent Trustee. The Board has established four standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee and a Performance Oversight Committee.

Advisory Agreement and Subadvisory Agreement

Throughout the year, in connection with their duties as trustees or directors of other funds in the Fund Complex, the Board considered a range of information in connection with its oversight of the services provided by BlackRock and its affiliates. Among the matters the Board considered were: (a) investment performance of funds in the Fund Complex; (b) fees, including advisory, administration and other fees paid to BlackRock and its affiliates by funds in the Fund Complex, as applicable; (c) fund operating expenses paid to third parties by funds in the Fund Complex; (d) the resources devoted to and compliance reports

relating to investment objectives, policies and restrictions of funds in the Fund Complex; (e) compliance by funds in the Fund Complex with their 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 guidelines approved by the Board; (i) execution quality; (j) valuation and liquidity procedures; and (k) reviews of BlackRock's business, including BlackRock's response to the increasing scale of its business.

Board Considerations in Approving the Advisory Agreement and Subadvisory Agreement

To assist the Board in its evaluation of the Agreements, in advance of the November 7, 2007 and November 29, 2007 meetings, the Trustees received from BlackRock information which detailed, among other things, the organization, business lines and capabilities of the Advisors, including: (a) the responsibilities of various departments and key personnel and biographical information relating to key personnel; (b) the advisory and/or administrative fees to be paid by the Trust to the Advisors, including comparisons with the management fees, which include advisory and administration fees, of its Peers; (c) fallout benefits to BlackRock; and (d) the estimated expenses of the Trust, including comparisons of the Trust's expense ratios with the expense ratios of its Peers.

ANNUAL REPORT

AUGUST 31, 2008

67

Disclosure of Investment Advisory Agreement and Subadvisory Agreement (continued)

The Board also considered other matters it deemed important to the approval process, where applicable, such as payments to be made to BlackRock or its affiliates relating to the distribution of Trust shares, services related to the valuation and pricing of Trust portfolio holdings and direct and indirect benefits to BlackRock and its affiliates from their relationship with the Trust.

In addition to the foregoing materials, independent legal counsel to the Independent Trustees provided a legal memorandum outlining, among other things, the duties of the Board under the 1940 Act, as well as the general principles of relevant law in reviewing and approving advisory contracts, the requirements of the 1940 Act in such matters, an adviser's fiduciary duty with respect to advisory agreements and compensation, and the standards used by courts in determining whether invest-

ment company boards of directors have fulfilled their duties and the factors to be considered by boards in voting on advisory agreements.

The Independent Trustees reviewed this information and discussed it with independent legal counsel prior to the meetings on November 7, 2007 and November 29, 2007. At the Board meeting on November 29, 2007, BlackRock made a presentation to and responded to questions from the Board. In connection with BlackRock's presentations, the Board considered each Agreement and, in consultation with independent legal counsel, reviewed the factors set out in judicial decisions and SEC statements relating to the approval of the Agreements.

Matters Considered by the Board

In connection with its deliberations with respect to the Agreements, the Board considered all factors it believed relevant with respect to the Trust, including the following: the nature, extent and quality of the services to be provided by the Advisors; the costs of the services to be provided and profits to be realized by the Advisors and their affiliates from their relationship with the Trust; the extent to which economies of scale would be realized as the Fund Complex grows; and whether BlackRock will realize other benefits from its relationship with the Trust.

A. Nature, Extent and Quality of the Services: In evaluating the nature, extent and quality of the Advisors' services, the Board reviewed information concerning the types of services that the Advisors provide and are expected to provide to the Trust, information describing BlackRock's organization and its various departments, the experience and responsibilities of key personnel and available resources. The Board noted the willingness of the personnel of BlackRock to engage in open, candid discussions with the Board. The Board further considered the quality of the Advisors' investment process in making portfolio management decisions. The Board also noted information received at prior Board meetings concerning standards of BlackRock with respect to the execution of portfolio transactions.

In addition to advisory services, throughout the year, the Trustees consider the quality of the administrative and non-investment advisory services provided to the Fund Complex, which would also be provided to the Trust. The Advisors and their affiliates provide the funds in the Fund Complex with such administrative and other services, as applicable (in addition to any such services provided by others to the funds), and officers and other personnel as are necessary for the operations of the funds. In addition to investment management services, the Advisors and their affiliates provide each fund in the Fund Complex with services such as: preparing shareholder reports and communications, including annual and semi-annual financial statements and the funds' website; communications with analysts to support secondary market trading; assisting with daily accounting and pricing; preparing periodic filings with regulators and stock exchanges; overseeing and coordinating the activities of other

service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal and compliance support (such as helping to prepare proxy statements and responding to regulatory inquiries); and performing other administrative tasks necessary for the operation of the respective fund (such as tax reporting and fulfilling regulatory filing requirements). The Board considered the Advisors' policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Trust and BlackRock: The Board did not consider the performance history of the Trust because the Trust was newly organized; however, the Board considered the investment performance of BlackRock generally. The Board will monitor the Trust's performance.

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 Trust: In evaluating the management fees and expenses that the Trust is expected to bear, the Board considered the Trust's proposed management fee structure and the Trust's expense ratios in absolute terms as well as relative to the fees and expense ratios of its applicable Peers. The Board, among other things, reviewed comparisons of the Trust's gross management fees before and after any fee waivers and total expense ratios before and after any waivers with those of its Peers.

Because the Trust had not yet commenced operations, BlackRock did not provide the Board with specific information concerning the expected profits to be realized by BlackRock and its affiliates from their relationships with the Trust. BlackRock, however, will provide the Board with such information at future meetings when the Agreements are being considered for renewal.

Throughout the year, the Board considers the cost of the services provided to the funds in the Fund Complex by BlackRock, and BlackRock's and its affiliates' profits relating to the management and, if applicable, distribution of such funds. As part of its analysis, the Board typically reviews

68 ANNUAL REPORT

AUGUST 31, 2008

Disclosure of Investment Advisory Agreement and Subadvisory Agreement (concluded)

BlackRock's methodology in allocating its costs to the management of the funds in the Fund Complex. The Board also generally considers 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 provide the high quality of services that are expected by the Board.

In connection with the Board's consideration of the fees and expense information, the Board reviewed the considerable investment management experience of the Advisors and considered the high level of investment management, administrative and other services provided by the Advisors.

D. Economies of Scale: In reviewing the Trust's fees and expenses, the Board examined the potential benefits of economies of scale, and whether any economies of scale should be reflected in the Trust's fee structure, for example through the use of breakpoints for the Trust or the Fund Complex. The Board found, based on its review of comparable funds, that the Trust's management fee is appropriate in light of the scale of the Trust.

E. Other Factors: In evaluating fees, the Board also considered fall-out benefits. The Trustees, including the Independent Trustees, considered the intangible benefits that accrue to the Advisors and their affiliates by virtue of their relationships with the Trust, including potential benefits accruing to the Advisors and their affiliates as a result of participating in offerings of the Trust's shares, potentially stronger relationships with members of the broker-dealer community, increased name recognition of the Advisors and their affiliates, enhanced sales of other investment

funds and products sponsored by the Advisors and their affiliates and increased assets under management which may increase the benefits realized by the Advisors from soft dollar arrangements with broker-dealers. The Board also considered the unquantifiable nature of these potential benefits.

During the Trustees' deliberations in connection with its approval of the management fee, the Trustees were aware that BlackRock intended to pay compensation, out of its own assets, to the lead underwriter and to certain qualifying underwriters of the Trust's common shares and of the anticipated amounts of such compensation and the general nature of the services to be rendered to BlackRock in consideration of such compensation. The Trustees also considered whether the management fee met applicable standards in light of the services provided by the Advisor, without regard to whether the Advisor ultimately pays any portion of the anticipated compensation to the underwriters.

Conclusion with Respect to the Agreements

In reviewing and approving the Agreements, the Trustees did not identify any single factor discussed above as all-important or controlling, but considered all factors together, and different Trustees may have attributed different weights to the various factors considered. The Independent Directors were also assisted by the advice of independent legal counsel

in making this determination. The Trustees, including the Independent Trustees, unanimously determined that each of the factors described above, in light of all the other factors and all of the facts and circumstances applicable to the Trust, was acceptable for the Trust and supported the Trustees' conclusion that the terms of each Agreement were fair and reasonable, that the Trust's fees are reasonable in light of the services to be provided to the Trust and that each Agreement should be approved.

Important Tax Information

The following information is provided with respect to the ordinary income distributions paid by the Funds for the taxable period ended August

	BlackRock Defined Opportunity Credit Trust	BlackRock Diversified Income Strategies Fund, Inc.	BlackRock Floating Rate Income Strategies Fund, Inc.	BlackRock Senior Floating Rate Fund, Inc.	BlackRock Senior Floating Rate Fund II, Inc.
Federal Obligation Interest¹	4.05%				
Interest-Related Dividends for Non-U.S. Residents²					
Month(s) Paid:	September 2007	91.40%	88.31%	85.85%	85.64%
	October 2007	78.06%	89.74%	85.94%	85.69%
	November 2007	77.90%	94.32%	85.94%	85.69%
	December 2007	77.90%	94.32%	85.94%	85.69%
	January 2008	77.90%	94.32%	83.56%	83.70%
	February 2008	86.97%	75.08%	83.56%	83.70%
	March August 2008	64.82%	86.97%	75.08%	83.70%

¹ The law varies in each state as to whether and what percentage of dividend income attributable to federal obligations is exempt from state income tax. We recommend that you consult your adviser to determine if any portion of the dividends you received is exempt from state income taxes.

² Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

ANNUAL REPORT

AUGUST 31, 2008

69

Automatic Dividend Reinvestment Plan

How the Plan Works The Funds offer a Dividend Reinvestment Plan (the Plan) under which income and capital gains dividends paid by a Fund are automatically reinvested in additional Common Shares of the Fund. The Plan is administered on behalf of the shareholders by BNY Mellon Shareowner Services for BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. and Computershare

Trust Company, N.A. for BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. (individually, the Plan Agent or together, the Plan Agents). Under the Plan, whenever a Fund declares a dividend, participants in the Plan will receive the equivalent in Common Shares of the Fund. The Plan Agents will acquire the shares for the participant s account either (i) through receipt of additional unissued but authorized shares of the Funds (newly issued shares) or (ii) by purchase of outstanding Common Shares on the open market on the New York Stock Exchange or American Stock Exchange, as applicable or elsewhere. If, on the dividend payment date, the Fund s net asset value per share is equal to or less than the market price per share plus estimated brokerage commissions (a condition often referred to as a market premium), the Plan Agents will invest the dividend amount in newly issued shares. If the Fund s net asset value per share is greater than the market price per share (a condition often referred to as a market discount), the Plan Agents will invest the dividend amount by purchasing on the open market additional shares. 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 uninvested portion in newly issued shares. The shares acquired are credited to each shareholder s account. The amount credited is determined by dividing the dollar amount of the dividend by either (i) when the shares are newly issued, the net asset value per share on the date the shares are issued or (ii) when shares are purchased in the open market, the average purchase price per share.

Participation in the Plan Participation in the Plan is automatic, that is, a shareholder is automatically enrolled in the Plan when he or she purchases shares of Common Shares of the Funds unless the shareholder specifically elects not to participate in the Plan. Shareholders who elect not to participate will receive all dividend distributions in cash. Shareholders who do not wish to participate in the Plan must advise their Plan Agent in writing (at the address set forth below) that they elect not to participate in the Plan. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by writing to the Plan Agent.

Benefits of the Plan The Plan provides an easy, convenient way for shareholders to make additional, regular investments in the Funds. The Plan promotes a long-term strategy of investing at a lower cost. All shares acquired pursuant to the Plan receive voting rights. In addition, if the market price plus commissions of a Fund s shares is above the net asset value, participants in the Plan will receive shares of the Funds for less than they could otherwise purchase them and with a cash value greater than the value of any cash distribution they would have received. However, there may not be enough shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Funds do not redeem shares, the price on resale may be more or less than the net asset value.

Plan Fees There are no enrollment fees or brokerage fees for participating in the Plan. The Plan Agents' service fees for handling the reinvestment of distributions are paid for by the Funds. However, brokerage commissions may be incurred when the Funds purchase shares on the open market and shareholders will pay a pro rata share of any such commissions.

Tax Implications The automatic reinvestment of dividends and distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. Therefore, income and capital gains may still be realized even though shareholders do not receive cash. If, when the Funds' shares are trading at a market premium, the Funds issue shares pursuant to the Plan that have a greater fair market value than the amount of cash reinvested, it is possible that all or a portion of the discount from the market value (which may not exceed 5% of the fair market value of the Funds' shares) could be viewed as a taxable distribution. If the discount is viewed as a taxable distribution, it is also possible that the taxable character of this discount would be allocable to all the shareholders, including shareholders who do not participate in the Plan. Thus, shareholders who do not participate in the Plan might be required to report as ordinary income a portion of their distributions equal to their allocable share of the discount.

Contact Information All correspondence concerning the Plan, including any questions about the Plan, should be directed to the Plan Agent at the following addresses: Shareholders of BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. should contact BNY Mellon Shareowner Services, .O. Box 385035, Pittsburgh, PA 15252-8055 Telephone: (800) 432-8224 and shareholders of BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. should contact Computershare Trust Company, N.A., .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.

70 ANNUAL REPORT

AUGUST 31, 2008

Officers and Directors/Trustees

Name, Address and Year of Birth	Position(s) Held with Funds/ Master LLC	Length of Time Served as a Director/ Trustee ²	Principal Occupation(s) During Past 5 Years	Number of BlackRock-Advised Funds and Portfolios Overseen	Pu Dir
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Non-Interested Directors/Trustees¹

<p>Richard E. Cavanagh 40 East 52nd Street New York, NY 10022 1946</p>	<p>Chairman of the Board and Director/ Trustee</p>	<p>Since 2007</p>	<p>Trustee, Aircraft Finance Trust since 1999; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service since 1997; Director, The Fremont Group since 1996; Formerly President and Chief Executive Officer of The Conference Board, Inc. (global business research organization) from 1995 to 2007.</p>	<p>113 Funds 110 Portfolios</p>	<p>Ar (ch pro</p>
<p>Karen . Robards 40 East 52nd Street New York, NY 10022 1950</p>	<p>Vice Chair of the Board, Chair of the Audit Committee and Director/ Trustee</p>	<p>Since 2007</p>	<p>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; Formerly Director of Enable Medical Corp. from 1996 to 2005; Formerly an investment banker at Morgan Stanley from 1976 to 1987.</p>	<p>112 Funds 109 Portfolios</p>	<p>At (m Ca Tr ca</p>
<p>G. Nicholas Beckwith, III 40 East 52nd Street New York, NY 10022 1945</p>	<p>Director/ Trustee</p>	<p>Since 2007</p>	<p>Chairman and Chief Executive Officer, Arch Street Management, LLC (Beckwith Family Foundation) and various Beckwith property companies since 2005; Chairman of the Board of Directors, University of Pittsburgh Medical Center since 2002; Board of Directors, Shady Side Hospital Foundation since 1977; Board of Directors, Beckwith Institute for Innovation In Patient Care since 1991; Member, Advisory Council on Biology and Medicine, Brown University since 2002; Trustee, Claude Worthington Benedum Foundation (charitable foundation) since 1989; Board of Trustees, Chatham University since 1981; Board of Trustees, University of Pittsburgh since 2002; Emeritus Trustee, Shady Side Academy since 1977; Formerly Chairman and Manager, Penn West Industrial Trucks LLC (sales, rental and servicing of material handling equipment) from 2005 to 2007; Formerly Chairman, President and Chief Executive Officer, Beckwith Machinery Company (sales, rental and servicing of construction and equipment) from 1985 to 2005; Formerly Board of Directors, National Retail Properties (REIT) from 2006 to 2007.</p>	<p>112 Funds 109 Portfolios</p>	<p>No</p>
<p>Kent Dixon 40 East 52nd Street New York, NY 10022 1937</p>	<p>Director/ Trustee and Member of the Audit Committee</p>	<p>Since 2007</p>	<p>Consultant/Investor since 1988.</p>	<p>113 Funds 110 Portfolios</p>	<p>No</p>
<p>Frank J. Fabozzi 40 East 52nd Street New York, NY 10022</p>	<p>Director/ Trustee and Member of</p>	<p>Since 2007</p>	<p>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; Formerly Adjunct Professor of</p>	<p>113 Funds 110 Portfolios</p>	<p>No</p>

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1948	the Audit Committee		Finance and Becton Fellow, Yale University from 1994 to 2006.		
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Kathleen F. Feldstein 40 East 52nd Street New York, NY 10022 1941	Director/ Trustee	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 Corporation of Partners Community Healthcare, Inc. since 2005; Member of the Corporation of Partners HealthCare since 1995; Member of the Corporation of Sherrill House (healthcare) since 1990; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Trustee, The Committee for Economic Development (research organization) since 1990; Member of the Advisory Board to the International School of Business, Brandeis University since 2002.	113 Funds 110 Portfolios	Th Co (ne pul
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ANNUAL REPORT

AUGUST 31, 2008

71

Officers and Directors/Trustees (continued)

Name, Address and Year of Birth	Position(s) Held with Funds/ Master LLC	Length of Time Served as a Director/ Trustee ²	Principal Occupation(s) During Past 5 Years	Number of BlackRock-Advised Funds and Portfolios Overseen	Public Director
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Non-Interested Directors or Trustees¹
(concluded)

James T. Flynn 40 East 52nd Street New York, NY 10022 1939	Director/ Trustee and Member of the Audit Committee	Since 2007	Formerly Chief Financial Officer of JP Morgan & Co., Inc. from 1990 to 1995.	112 Funds 109 Portfolios	None
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Jerrold B. Harris 40 East 52nd Street New York, NY 10022 1942	Director/ Trustee	Since 2007	Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000.	112 Funds 109 Portfolios	Black Capit
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R. Glenn Hubbard 40 East 52nd Street	Director/ Trustee	Since 2007	Dean of Columbia Business School since 2004; Columbia faculty member since 1988; Formerly Co-Director of Columbia Business	113 Funds 110 Portfolios	ADP inform
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New York, NY 10022
1958

School's Entrepreneurship Program from 1997 to 2004; Visiting Professor at the John F. Kennedy School of Government at Harvard University and the Harvard Business School since 1985 and at the University of Chicago since 1994; Formerly Chairman of the U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003.

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techn

W. Carl Kester
40 East 52nd Street
New York, NY 10022
1951

Director/
Trustee and
Member of
the Audit
Committee

Since
2007

Mizuho Financial Group Professor of Finance, Harvard Business School. Deputy Dean for Academic Affairs since 2006; 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.

112 Funds
109 Portfolios

None

Robert S. Salomon, Jr.
40 East 52nd Street
New York, NY 10022
1936

Director/
Trustee and
Member of
the Audit
Committee

Since
2007

Formerly Principal of STI Management LLC (investment adviser) from 1994 to 2005.

112 Funds
109 Portfolios

None

¹ Directors/Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

² Following the combination of Merrill Lynch Investment Managers, L.P. (MLIM) and BlackRock, Inc. (BlackRock) in September 2007, legacy MLIM and legacy BlackRock Fund boards were realigned and consolidated into three new Fund boards in 2007. As a result, the chart shows directors as joining the Funds /Master LLC s board in 2007, each director/trustee first became a member of the board of trustees of other legacy MLIM or legacy BlackRock Funds as follows: G. Nicholas Beckwith, III since 1999; Richard E. Cavanagh since 1999; Kent Dixon since 1988; Frank J. Fabozzi since 1988; Kathleen F. Feldstein since 2005; James T. Flynn since 1996; Jerrold B. Hirsch since 1996; R. Glenn Hubbard since 2004; W. Carl Kester since 1998; Karen . Robards since 1998 and Robert S. Salomon, Jr. since 1996.

Interested Directors or Trustees³

Richard S. Davis
40 East 52nd Street
New York, NY 10022
1945

Director/
Trustee

Since
2007

Managing Director, BlackRock, Inc. since 2005; Formerly Chief Executive Officer, State Street Research & Management Company from 2000 to 2005; Formerly Chairman of the Board of Trustees, State Street Research Mutual Funds from 2000 to 2005; Formerly Chairman, SSR Realty from 2000 to 2004.

185 Funds
295 Portfolios

None

Henry Gabbay
40 East 52nd Street
New York, NY 10022
1947

Director/
Trustee

Since
2007

Consultant, BlackRock, Inc. since 2007; Formerly Managing Director, BlackRock, Inc. from 1989 to 2007; Formerly Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; Formerly President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Formerly Treasurer of certain closed-end funds in the

184 Funds
294 Portfolios

None

BlackRock fund complex from 1989 to 2006.

- 3 Messrs. Davis and Gabbay are both interested persons, as defined in the Investment Company Act of 1940, of the Funds/Master LLC based on their positions with BlackRock, Inc. and its affiliates. Directors/Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

72 ANNUAL REPORT

AUGUST 31, 2008

72

Officers and Directors/Trustees (concluded)

Name, Address and Year of Birth	Position(s) Held with Funds/ Master LLC	Length of Time Served	Principal Occupation(s) During Past 5 Years
Fund Officers¹			
Donald C. Burke 40 East 52nd Street New York, NY 10022 1960	Fund President and Chief Executive Officer	Since 2007	Managing Director of BlackRock, Inc. since 2006; Formerly Managing Director of Merrill Lynch Investment Managers, L.P. (MLIM) and Fund Asset Management, L.P. (FAM) in 2006; First Vice President thereof from 1997 to 2005; Treasurer thereof from 1999 to 2006 and Vice President thereof from 1990 to 1997.
Anne F. Ackerley 40 East 52nd Street New York, NY 10022 1962	Vice President	Since 2007	Managing Director of BlackRock, Inc. since 2000; Chief Operating Officer of BlackRock's U.S. Retail Group since 2006; Head of BlackRock's Mutual Fund Group from 2000 to 2006; Merrill Lynch & Co., Inc. from 1984 to 1986 and from 1988 to 2000, most recently as First Vice President and Operating Officer of the Mergers and Acquisitions Group.
Neal J. Andrews 40 East 52nd Street New York, NY 10022 1966	Chief Financial Officer	Since 2007	Managing Director of BlackRock, Inc. since 2006; Formerly Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. (formerly PFPC Inc.) from 1992 to 2006.
Jay M. Fife 40 East 52nd Street New York, NY 10022	Treasurer	Since 2007	Managing Director of BlackRock, Inc. since 2007 and Director in 2006; Formerly Assistant Treasurer of the MLIM/FAM advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.

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1970

Brian P. Kindelan 40 East 52nd Street New York, NY 10022 1959	Chief Compliance Officer of the Funds	Since 2007	Chief Compliance Officer of the BlackRock-advised Funds since 2007; Anti-Money Laundering Officer of the BlackRock-advised Funds since 2007; Managing Director and Senior Counsel of BlackRock, Inc. since 2005; Director and Senior Counsel of BlackRock Advisors, Inc. from 2001 to 2004 and Vice President and Senior Counsel thereof from 1998 to 2000; Formerly Senior Counsel of The PNC Bank Corp. from 1995 to 1998.
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Howard B. Surloff 40 East 52nd Street New York, NY 10022 1965	Secretary	Since 2007	Managing Director of BlackRock, Inc. and General Counsel of U.S. Funds at BlackRock, Inc. since 2006; Formerly General Counsel (U.S.) of Goldman Sachs Asset Management, L from 1993 to 2006.
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¹ Officers of the Funds/Master LLC serve at the pleasure of the Board of Directors/Trustees.

For All Funds

Accounting Agent	Independent Registered Public Accounting Firm	Legal Counsel	Fund Address
State Street Bank and Trust Company Princeton, NJ 08540	Deloitte & Touche Princeton, NJ 08540	Skadden, Arps, Slate Meagher & Flom LLP New York, NY 10036	100 Bellevue Parkway Wilmington, DE 19809

Defined Opportunity Diversified Income Floating Rate Income Custodian

Transfer Agent	Senior Floating Rate Senior Floating Rate II Custodian	Transfer Agent
State Street Bank and Trust Company Boston, MA 02101	Computershare Company, N.A. Providence, RI 02940	The Bank of New York Mellon New York, NY 10286 PNC Global Investment Servicing (U.S.) Inc. Wilmington, DE 19809

ANNUAL REPORT

AUGUST 31, 2008

73

Additional Information

Fund Certification

BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. 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. Each Fund 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 Sabanes-Oxley Act.

Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds 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. The Funds Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

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.

General Information

BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. do not make available copies of their Statements of Additional Information because the Funds shares are not continuously offered, which means that the Statements of Additional Information of the Funds have not been updated after completion of the Funds offering and the information contained in the Funds Statements 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 charters or by-laws that were not approved by the shareholders or in the principal risk factors associ-

ated with investment in the Funds. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds' portfolios.

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 it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded 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 contact the Funds at (800) 441-7762.

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 regarding the Funds and does not, and is not intended to, incorporate BlackRock's website into this report.

74 ANNUAL REPORT

AUGUST 31, 2008

74

Additional Information (concluded)

Section 19 Notices

These amounts are sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources for tax reporting purposes will depend upon each Fund's investment experience during the remainder of its fiscal year end

and may be subject to changes based on the tax regulations. The Funds will send you a Form 1099-DIV each calendar year that will tell you how to report these distributions for federal income tax purposes.

	Total Fiscal Period to Date Cumulative Distributions by Character				Percentage of Fiscal Period to Date Cumulative Distributions by Character		
	Net Investment Income	Net Realized Capital Gains	Return of Capital	Total Per Common Share	Net Investment Income	Net Realized Capital Gains	Return of Capital
BlackRock Defined Opportunity Credit Trust	\$0.40117	\$0.06793	\$0.20590	\$0.67500	59%	10%	31%

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BlackRock Diversified Income Strategies Fund, Inc.	\$1.75500	\$1.75500	100%	0%	0
BlackRock Floating Rate Income Strategies Fund, Inc.	\$1.54719	\$1.54719	100%	0%	0

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, 2008

This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. leverage their Common Shares, which creates risk for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free (800) 441-7762; (2) at www.blackrock.com; and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30, 2008 is available upon request and without charge (1) at www.blackrock.com or by calling (800) 441-7762 and (2) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

#TAX5-8/08

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 (term began effective November 1, 2007)
Frank J. Fabozzi (term began effective November 1, 2007)
James T. Flynn (term began effective November 1, 2007)
Ronald W. Forbes (term ended effective November 1, 2007)
W. Carl Kester (term began effective November 1, 2007)
Karen P. Robards (term began effective November 1, 2007)
Robert S. Salomon, Jr. (term began effective November 1, 2007)
Richard R. West (term ended effective November 1, 2007)

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

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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.

Item 4 Principal Accountant Fees and Services

<u>Entity Name</u>	<u>(a) Audit Fees</u>		<u>(b) Audit-Related Fees¹</u>		<u>(c) Tax Fees²</u>		<u>(d) All Other Fees³</u>	
	<u>Current Fiscal Year</u>	<u>Previous Fiscal Year</u>	<u>Current Fiscal Year</u>	<u>Previous Fiscal Year</u>	<u>Current Fiscal Year</u>	<u>Previous Fiscal Year</u>	<u>Current Fiscal Year</u>	<u>Previous Fiscal Year</u>
	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>
BlackRock Floating Rate Income Strategies Fund, Inc.	\$46,300	\$39,900	\$8,000	\$0	\$6,100	\$6,100	\$1,049	\$1,042

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 for all of the registrants the Committee oversees. For this

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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 one or more of its members 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:

<u>Entity Name</u>	<u>Current Fiscal Year</u> <u>End</u>	<u>Previous Fiscal Year</u> <u>End</u>
BlackRock Floating Rate Income Strategies Fund, Inc.	\$302,649	\$291,642

(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 advisor (not including any non-affiliated sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment advisor), and any entity controlling, controlled by, or under common control with the investment advisor 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) \$287,500, 0%

Item 5 Audit Committee of Listed Registrants 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 (term began effective November 1, 2007)
- Frank J. Fabozzi (term began effective November 1, 2007)
- James T. Flynn (term began effective November 1, 2007)
- Ronald W. Forbes (term ended effective November 1, 2007)
- W. Carl Kester (term began effective November 1, 2007)
- Cynthia A. Montgomery (term ended effective November 1, 2007)
- Jean Margo Reid (term ended effective November 1, 2007)
- Karen P. Robards (term began effective November 1, 2007)

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Robert S. Salomon, Jr. (term began effective November 1, 2007)

Roscoe S. Suddarth (not reappointed to audit committee effective November 1, 2007; retired effective December 31, 2007)

Richard R. West (term ended effective November 1, 2007)

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 advisor (Investment Advisor) pursuant to the Investment Advisor's proxy voting guidelines. Under these guidelines, the Investment Advisor 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 Advisor, or any affiliated person of the Fund or the Investment Advisor, on the other. In such event, provided that the Investment Advisor'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 Advisor's clients. If the Investment Advisor 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 Advisor's Portfolio Management Group and/or the Investment Advisor'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 <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies as of August 31, 2008.

(a)(1) BlackRock Floating Rate Income Strategies Fund, Inc. is managed by a team of investment professionals comprised of Mark J. Williams, Managing Director and head of the bank loan investment team at BlackRock, and Kevin J. Booth, CFA, Managing Director and co-head of the high yield team at BlackRock. Each is a member of BlackRock's fixed income portfolio management group. Messrs. Williams and Booth 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. Williams and Booth have been members of the Fund's portfolio management team since 2006.

Mark J. Williams heads BlackRock's bank loan investment team within the Fixed Income Portfolio Management Group and is co-head of BlackRock's leveraged finance business. He is a member of the firm's Investment Strategy Group and the Alternatives Operating Committee. Mr. Williams is also involved in the evaluation and sourcing of mezzanine investments, and is a member of the Investment Committee for BlackRock Kelso Capital, the firm's business development company. Prior to joining BlackRock in 1998, Mr. Williams spent eight years with PNC Bank's New York office and was a founding member of

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the bank's leveraged finance group. In that capacity he was responsible for structuring proprietary middle market leveraged deals and sourcing and evaluating broadly syndicated leveraged loans in the primary and secondary markets for PNC Bank's investment portfolio. Mr. Williams has developed extensive contacts over the years working with private equity sponsors and major loan syndication groups. From 1984 until 1990, Mr. Williams worked in PNC Bank's Philadelphia office in a variety of marketing and corporate finance positions.

Kevin Booth is co-head of the high yield team within BlackRock's Fixed Income Portfolio Management Group, he also co-heads BlackRock's leveraged finance business. His primary responsibilities are managing portfolios and directing investment strategy. He specializes in hybrid high yield portfolios, consisting of leveraged bank loans, high yield bonds, and distressed obligations. Prior to joining BlackRock, Mr. Booth was a Managing Director (Global Fixed Income) of Merrill Lynch Investment Managers (MLIM) in 2006, a Director from 1998 to 2006 and was a Vice President of MLIM from 1991 to 1998. He has been a portfolio manager with BlackRock or MLIM since 1992, and was a member of MLIM's bank loan group from 2000 to 2006.

(a)(2) As of August 31, 2008:

Name of Portfolio Manager	Number of Other Accounts Managed and Assets by Account Type			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
Mark J. Williams	10	17	2	0	12	0
	\$2.93 Billion	\$6.7 Billion	\$364 Million	\$0	\$5.5 Billion	\$0
Kevin Booth	24	10	10	0	4	3
	\$8.77 Billion	\$4.87 Billion	\$1.97 Billion	\$0	\$2.98 Billion	\$400 Million

(iv) Potential Material Conflicts of Interest

BlackRock, Inc. and its affiliates (collectively, herein "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 for the Fund. In addition, BlackRock, its affiliates 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 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') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or the officers, directors or 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 regard, it should be noted that Messrs. Williams and Booth currently manage 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, 2008:

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 for the Fund include the following:

Portfolio Manager	Benchmarks Applicable to Each Manager
Mark Williams	A combination of market-based indices (e.g., Credit Suisse Leveraged Loan Index, LIBOR), certain customized indices and certain fund industry peer groups.
Kevin Booth	A combination of market-based indices (e.g., The Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap 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) The LTIP is a long-term incentive plan that seeks to reward certain key employees. Prior to 2006, the plan provided for the grant of awards that were expressed as an amount of cash that, if properly vested and subject to the attainment of certain performance goals, will be settled in cash and/or in BlackRock, Inc. common stock. Beginning in 2006, awards are granted under the LTIP in the form of BlackRock, Inc. restricted stock units that, if properly vested and subject to the attainment of certain performance goals, will be settled in BlackRock, Inc. common stock. Messrs. Williams and Booth 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. Each portfolio manager has participated in the deferred compensation program.

Options and Restricted Stock Awards A portion of the annual compensation of certain employees is mandatorily deferred into BlackRock restricted stock units. Prior to the mandatory deferral into restricted stock units, BlackRock granted stock options to key employees, including certain portfolio

managers who may still hold unexercised or unvested options. BlackRock, Inc. also granted restricted stock awards designed to reward certain key employees as an incentive to contribute to the long-term success of BlackRock. These awards vest over a period of years. Mr. Williams has been granted stock options and/or restricted stock in prior years.

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% of eligible compensation, plus an additional contribution of 2% for any year in which BlackRock has positive net operating income. 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, 2008, Mr. Williams did not beneficially own any stock issued by the Fund. As of August 31, 2008, Mr. Booth beneficially owned stock issued by the Fund in the range \$100,001 - \$500,000.

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 The registrant's Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

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/ Donald C. Burke

Donald C. Burke

Chief Executive Officer of

BlackRock Floating Rate Income Strategies Fund, Inc.

Date: October 20, 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 Floating Rate Income Strategies Fund, Inc.

Date: October 20, 2008

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock Floating Rate Income Strategies Fund, Inc.

Date: October 20, 2008
