

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC
Form N-CSRS
May 06, 2008

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

FORM N-CSRS

**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 - 02/29/2008

Item 1 Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

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

SEMI-ANNUAL REPORT

FEBRUARY 29, 2008 | (UNAUDITED)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

Table of Contents

	Page
A Letter to Shareholders	3
Semi-Annual Report:	
Fund Summary	4
The Benefits and Risks of Leveraging	5
Swap Agreements	5
Financial Statements:	
Schedule of Investments	6
Statement of Assets and Liabilities	13
Statement of Operations	14
Statements of Changes in Net Assets	15
Statement of Cash Flows	16
Financial Highlights	17
Notes to Financial Statements	18
Officers and Directors	22
Additional Information	22

2 BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC. FEBRUARY 29, 2008

A Letter to Shareholders

Dear Shareholder

Financial markets weathered intense bouts of volatility in 2007, only to enter 2008 with no relief. January and February proved to be trying months for equities, but strong ones for some areas of the bond market, as fears of an economic recession swelled. The Federal Reserve Board (the Fed), after cutting the target federal funds rate 100 basis points (1%) between September 2007 and year-end, more than matched those cuts in January alone. Responding to a slowing economy and continued fallout from chaos in the credit markets, the Fed cut interest rates 75 basis points in a rare unscheduled session on January 22, and followed with a 50-basis-point cut at its regular meeting on January 30. Another 75-basis-point cut on March 18 brought the target rate to 2.25%.

Reverberations from the U.S. subprime mortgage collapse, and the associated liquidity and credit crisis, continue to permeate global financial markets. The S&P 500 Index of U.S. stocks was down in February, marking the fourth consecutive month of negative returns. International markets, while not unscathed, generally have outperformed their U.S. counterparts so far in 2008. Emerging markets, benefiting from stronger economic growth rates, have done particularly well.

In fixed income markets, fears related to the economic slowdown and related credit crisis have led to a prolonged flight to quality. Investors have largely shunned bonds associated with the housing and credit markets in favor of higher-quality government issues. The yield on 10-year Treasury issues, which touched 5.30% in June 2007 (its highest level in five years), fell to 4.04% by year-end and to 3.53% by the end of February, while prices correspondingly rose. After setting a new-issuance record in 2007, supply in the municipal bond market has been on the decline for four consecutive months (measured year over year). The market has struggled with concerns around the creditworthiness of monoline bond insurers and the failure of auctions for auction rate securities, driving yields higher and prices lower across the curve. By period-end, municipal bonds were trading at higher yields than their Treasury counterparts, a very unusual occurrence by historical standards.

Against this backdrop, the major benchmark indexes posted mixed results for the current reporting period, generally reflecting heightened investor risk aversion:

Edgar Filing: BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC - Form N-CSRS

Total Returns as of February 29, 2008	6-month	12-month
U.S. equities (S&P 500 Index)	8.79%	3.60%
Small cap U.S. equities (Russell 2000 Index)	12.91	12.44
International equities (MSCI Europe, Australasia, Far East Index)	4.71	+ 0.84
Fixed income (Lehman Brothers U.S. Aggregate Bond Index)	+ 5.67	+ 7.30
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	0.60	1.17
High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index)	1.39	3.08

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

As you navigate today's volatile markets, we encourage you to review your investment goals with your financial professional and to make portfolio changes, as needed. For more up-to-date commentary 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 investment assets, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

THIS
PAGE
NOT
PART
OF
YOUR
FUND
REPORT

Fund Summary as of February 29, 2008 (Unaudited)

Investment Objective

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA) seeks a 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 six-month period ended February 29, 2008, the Fund returned 5.87% based on market price, with dividends reinvested. The Fund's return based on net asset value (NAV) was 6.50%, with dividends reinvested. For the same period, the Lipper Loan Participation Funds category posted an average return of 7.65% on a NAV basis. Widening of credit spreads and the lack of liquidity in the loan market hampered Fund performance. The rapid reduction of short-term rates resulting from Fed rate cuts also had a negative impact on bank loans as investors feared that their floating rate income would reset to lower rates.

Fund Information

Edgar Filing: BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC - Form N-CSRS

Symbol on New York Stock Exchange	FRA
Initial Offering Date	October 31, 2003
Yield on Closing Market Price as of February 29, 2008 (\$14.97)*	10.01%
Current Monthly Distribution per share of Common Stock**	\$.124835
Current Annualized Distribution per share of Common Stock**	\$1.49802
Leverage as of February 29, 2008***	27%

* 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.

** The distribution is not constant and is subject to change.

*** 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:

	2/29/08	8/31/07	Change	High	Low
Market Price	\$14.97	\$16.70	(10.36%)	\$17.53	\$14.03
Net Asset Value	\$16.25	\$18.25	(10.96%)	\$18.63	\$15.96

The following charts show the portfolio composition and credit quality allocations of the Fund's long-term investments:

Portfolio Composition

	2/29/08	8/31/07
Floating Rate Loan Interests	76%	75%
Corporate Bonds	22	24
Common Stocks	2	1

Credit Quality Allocations*

Credit Rating	2/29/08	8/31/07
BBB/Baa	2%	1%
BB/Ba	33	29
B/B	45	55
CCC/Caa	8	4
D		1
Not Rated	10	9
Other**	2	1

*

Using the highest of Standard & Poor's and Moody's Investors Service ratings.

**

Includes portfolio holdings in common stocks, preferred stocks and warrants.

4 BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC. FEBRUARY 29, 2008

The Benefits and Risks of Leveraging

BlackRock Floating Rate Income Strategies Fund, Inc. (the Fund) utilizes leverage through borrowings. 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 the Fund on its longer-term portfolio investments. To the extent that the total assets of the Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Fund's Common Stock shareholders will benefit from the incremental yield.

Leverage creates risks for Common Stock 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 the Common Stock's 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, the 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, the Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Stock shareholders will be reduced.

Swap Agreements

The Fund 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 Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement.

Edgar Filing: BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC - Form N-CSRS

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.

FEBRUARY 29, 2008

5

Schedule of Investments as of February 29, 2008 (Unaudited) (Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Aerospace & Defense 5.3%			
Avio Holding SpA:			
Term Loan, 8.718% due 9/25/2016	USD	1,991	\$ 1,811,828
Term Loan B, 7.695% due 9/25/2014		1,640	1,391,540
Term Loan C, 8.07% due 9/25/2015		1,640	1,399,740
Hawker Beechcraft Acquisition Co. LLC:			
Letter of Credit, 4.73% 5.26%			
due 3/31/2014		352	324,746
Term Loan B, 6.83% due 3/31/2014		4,131	3,809,128
IAP Worldwide Services, Inc. First Lien Term Loan,			
11.125% due 12/20/2012		2,203	1,817,591
Vought Aircraft Industries, Inc.:			
Revolving Credit, 5.12% 7%			
due 12/22/2010		2,200	2,016,667
Term Loan, 7.34% due 12/22/2011		2,857	2,580,812
Tranche B Line of Credit Deposit, 7.82%			
due 12/22/2010		560	513,334
			15,665,386
Airlines 1.1%			
Delta Air Lines, Inc. First Lien Term Loan, 7.36%			
due 5/15/2012		1,250	1,062,500
US Airways Group, Inc. Term Loan B, 5.625%			
due 3/23/2014		2,000	1,566,250
United Air Lines, Inc. Term Loan B, 5.125% 7.125%			
due 1/30/2014		712	597,376
			3,226,126
Auto Components 1.9%			
Affinia Group, Inc. Term Loan B, 6.244%			
due 11/30/2011		2,544	2,263,779
Allison Transmission Term Loan B, 5.92% 7.90%			
due 8/07/2014		2,500	2,200,695
Delphi Automotive Systems Term Loan B, 6.625%			
due 7/01/2008		500	491,500
GPX International Tire Corp. Term Loan B,			

Edgar Filing: BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC - Form N-CSRS

Letter of Credit, 4.22% due 1/24/2014	211	194,963
Term Loan B, 6.705% due 1/24/2014	3,316	3,068,840
Brickman Group, Inc. Term Loan, 7.143% due 1/23/2014	744	673,659
Camelbak Products LLC First Lien Term Loan, 6.88% 8.75% due 8/04/2011	696	610,064
Jason, Inc. Term Loan, 5.621% due 4/30/2010	498	429,716
John Maneely Co. Term Loan, 6.345% 7.693% due 12/08/2013	899	777,816
Kion GmbH:		
Term Loan B, 6.751% due 3/15/2015	250	207,266
Term Loan C, 7.251% due 3/15/2016	250	208,360
Metokote Corp. Second Lien Term Loan, 6.13% 6.25% due 11/27/2011	493	429,253
RiskMetrics Group, Inc. Term Loan, 7.08% due 1/11/2014	1,489	1,410,591
Waste Services, Inc.:		
Term Loan D, 7.40% due 3/31/2011	695	646,790
Term Loan E, 7.40% due 3/31/2011	366	340,738
West Corp. Term Loan, 5.465% 5.635% due 10/24/2013	1,975	1,675,336
		10,673,392
<hr/>		
Communications Equipment 1.4%		
Alltel Corp. Term Loan B3, 5.866% due 5/18/2015	4,498	4,077,447
<hr/>		
Computers & Peripherals 2.1%		
Intergraph Corp. Term Loan:		
5.09% 5.125% due 5/29/2014	419	375,775
9.09% due 11/28/2014	500	455,000
Reynolds and Reynolds Co.:		
First Lien Term Loan, 6.843% due 10/31/2012	3,573	3,126,201
Second Lien Term Loan, 10.343% due 10/31/2013	2,500	2,287,500
		6,244,476
<hr/>		
Construction Materials 1.0%		
Headwaters, Inc. Term Loan B-1, 5.17% 6.89% due 4/30/2011	1,077	1,022,734
Nortek, Inc. Term Loan, 5.35% due 8/27/2011	2,413	2,068,719
		3,091,453
<hr/>		
Containers & Packaging 2.1%		
Anchor Glass Container Corp. Term Loan B, 7.08% due 5/03/2013	1,484	1,380,379
Berry Plastics Corp. Term Loan B, 11.646% 11.97% due 6/15/2014	1,095	766,538

Edgar Filing: BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC - Form N-CSRS

Consolidated Container Co. LLC Second Lien Term Loan,
8.751% 10.581% due 10/15/2014

550 295,167

See Notes to Financial Statements.

6 BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC. FEBRUARY 29, 2008

Schedule of Investments (continued) (Percentages shown are based on Net Assets)

Floating Rate Loan Interests		Par (000)	Value
Containers & Packaging (concluded)			
Graham Packaging Co. LP Term Loan B, 6.813% 7.75% due 4/15/2011	USD	1,985	\$ 1,796,921
Intertape Polymer US, Inc. Term Loan B, 7.218% 9.25% due 7/28/2011		1,170	1,159,763
Smurfit-Stone Container Corp.:			
Term Loan B, 7.125% due 11/01/2011		322	303,444
Term Loan C, 5.313% 7.125% due 11/01/2011		613	578,436
			6,280,648
Distributors 1.0%			
Buhrmann USA, Inc. Term Loan C, 5.119% 6.991% due 12/23/2010		1,878	1,793,623
Keystone Automotive Operations, Inc. Term Loan B, 6.635% 7.451% due 1/15/2012		1,485	1,170,675
			2,964,298
Diversified Financial Services 1.7%			
Chrysler Financial Corp. First Lien Term Loan, 9% due 8/03/2012		4,000	3,473,636
J.G. Wentworth Manufacturing Term Loan B, 7.093% due 4/15/2014		2,300	1,529,500
			5,003,136
Diversified Telecommunication Services 0.3%			
Alaska Communications Systems Holdings, Inc. Incremental Term Loan, 6.58% due 2/01/2012		1,000	916,667
Electrical Equipment 2.0%			
Generac Power Systems, Inc.:			
First Lien Term Loan, 7.203% due 11/10/2013		980	807,800
Second Lien Term Loan, 10.703% due 5/15/2014		750	511,250
Sensus Metering Systems, Inc.:			
Term Loan B-1, 5.078% 7.04%			

Edgar Filing: BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC - Form N-CSRS

due 12/17/2010	4,861	4,277,565
Term Loan B-2, 6.718% 6.901%		
due 12/19/2010	316	277,917
		<hr/>