

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND INC  
Form N-CSR  
November 07, 2011

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: John M. Perlowski, Chief Executive Officer, BlackRock  
Floating Rate Income Strategies Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2011

Date of reporting period: 08/31/2011

Item 1 Report to Stockholders

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# Annual Report

BlackRock Defined Opportunity Credit Trust (BHL)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

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

BlackRock Limited Duration Income Trust (BLW)

**Not FDIC Insured • No Bank Guarantee • May Lose Value**

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## Dear Shareholder

Market volatility has been extraordinary in recent months. Government debt and deficit issues in both the US and Europe have taken a toll on investor sentiment while weaker-than-expected US economic data raised concerns of another recession. Political instability and concerns that central banks have nearly exhausted their stimulus measures have further compounded investor uncertainty. Although markets remain volatile and conditions are highly uncertain, BlackRock remains focused on finding opportunities in this environment.

The pages that follow reflect your fund's reporting period ended August 31, 2011. Accordingly, the following discussion is intended to provide you with additional perspective on the performance of your investments during that period.

One year ago, the global economy appeared to solidly be in recovery mode and investors were optimistic given the anticipated second round of quantitative easing from the US Federal Reserve (the "Fed"). Stock markets rallied despite the ongoing sovereign debt crisis in Europe and inflationary pressures looming over emerging markets. Fixed income markets, however, saw yields move sharply upward (pushing prices down) especially on the long end of the historically steep yield curve. While high yield bonds benefited from the risk rally, most fixed income sectors declined in the fourth quarter. The tax-exempt municipal market faced additional headwinds as it became evident that the Build America Bond program would not be extended and municipal finance troubles abounded.

The new year brought spikes of volatility as political turmoil swept across the Middle East/North Africa region and as prices of oil and other commodities soared. Natural disasters in Japan disrupted industrial supply chains and concerns mounted over US debt and deficit issues. Equities generally performed well early in the year, however, as investors chose to focus on the continuing stream of strong corporate earnings and positive economic data. Credit markets were surprisingly resilient in this environment and yields regained relative stability in 2011. The tax-exempt market saw relief from its headwinds and steadily recovered from its fourth-quarter lows. Equities, commodities and high yield bonds outpaced higher-quality assets as investors increased their risk tolerance.

However, longer-term headwinds had been brewing. Inflationary pressures intensified in emerging economies, many of which were overheating, and the European debt crisis continued to escalate. Markets were met with a sharp reversal in May when political unrest in Greece pushed the nation closer to defaulting on its debt. This development rekindled fears about the broader debt crisis and its further contagion among peripheral European countries. Concurrently, it became evident that the pace of global economic growth had slowed as higher oil prices and supply chain disruptions finally showed up in economic data. By mid-summer, confidence in policymakers was tarnished as the prolonged US debt ceiling debate revealed the degree of polarization in Washington, DC. The downgrade of the US government's credit rating on August 5 was the catalyst for the recent turmoil in financial markets. Extreme volatility persisted as Europe's debt and banking crisis deepened and US economic data continued to weaken. Investors fled from riskier assets, pushing stock and high yield bond indices into negative territory for the six-month period ended August 31, while lower-risk investments including US Treasuries, municipal securities and investment grade corporate bonds posted gains. Twelve-month returns on all asset classes remained positive. Continued low short-term interest rates kept yields on money market securities near their all-time lows.

“BlackRock remains focused on managing risk and finding opportunities in all market environments.”

**Rob Kapito**

President, BlackRock Advisors, LLC

**Total Returns as of August 31, 2011**

|  | 6-month | 12-month |
|--|---------|----------|
| US large cap equities<br>(S&P 500 <sup>®</sup> Index)  | (7.23)% | 18.50%   |
| US small cap equities<br>(Russell 2000 <sup>®</sup> Index)                                     | (11.17) | 22.19    |
| International equities<br>(MSCI Europe, Australasia,<br>Far East Index)                        | (11.12) | 10.01    |
| Emerging market<br>equities (MSCI Emerging<br>Markets Index)                                   | (5.11)  | 9.07     |
| 3-month Treasury<br>bill (BofA Merrill Lynch<br>3-Month Treasury<br>Bill Index)                | 0.08    | 0.15     |
| US Treasury securities<br>(BofA Merrill Lynch 10-<br>Year US Treasury Index)                   | 13.04   | 6.21     |
| US investment grade<br>bonds (Barclays<br>Capital US Aggregate<br>Bond Index)                  | 5.49    | 4.62     |
| Tax-exempt municipal<br>bonds (Barclays Capital<br>Municipal Bond Index)                       | 6.39    | 2.66     |
| US high yield bonds<br>(Barclays Capital US<br>Corporate High Yield 2%<br>Issuer Capped Index) | (1.57)  | 8.32     |

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

THIS PAGE NOT PART OF YOUR FUND REPORT 3

## Fund Summary as of August 31, 2011 BlackRock Defined Opportunity Credit Trust

### Investment Objective

BlackRock Defined Opportunity Credit Trust's (BHL) (the "Fund") primary investment objective is to provide high current income, with a secondary objective of long-term capital appreciation. The Fund seeks to achieve its investment objectives by investing substantially all of its assets in loan and debt instruments and loan-related and debt-related instruments (collectively "credit securities"). The Fund invests, under normal market conditions, at least 80% of its assets in any combination of the following credit securities: (i) senior secured floating rate and fixed rate loans; (ii) second lien or other subordinated or unsecured floating rate and fixed rate loans or debt; (iii) credit securities that are rated below investment grade quality; and (iv) investment grade corporate bonds. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objectives will be achieved.

### Portfolio Management Commentary

How did the Fund perform?

•For the 12 months ended August 31, 2011, the Fund returned 4.17% based on market price and 2.93% based on net asset value ("NAV"). For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 1.16% based on market price and 3.79% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

•Positive Fund performance was predominantly driven by security selection within the higher-quality tiers of the market. Security selection continued to reflect the higher-quality bias the Fund has employed over the last two years, which has focused on sectors classified as "recession-resistant" and not heavily reliant on a strong consumer, such as chemicals and non-captive diversified (industrials). The Fund's exposure to high yield bonds was another contributor to performance as the asset class performed well over the period.

•Toward the end of 2010, the market was priced for slow-but-modest growth. Credit fundamentals had materially improved and refinancing was easier for non-investment grade issuers given a robust capital market. Default activity was muted and expected to remain benign throughout 2011. In this environment, lower-quality loans staged a significant rally and managed to outperform their higher-quality counterparts. Therefore, the Fund's limited exposure to low-quality credits negatively impacted returns. The Fund uses foreign currency exchange contracts to manage currency risk in the portfolio. The net effect of the contracts during the period was negative.

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Describe recent portfolio activity.

•During the period, the Fund did not deviate from its higher quality bias in terms of loan structure, overall credit quality and liquidity. This focus was even more pressing in 2011, when loans traded close to par and gave investors no incentive to forgo credit quality in order to pick up yield. Prior to the correction in the last month of the period, when fund management believed market conditions were weakening, fund management sold some of the Fund's lower-quality securities, therefore raising the cash reserve level. Becoming more conservative overall, fund management continued to navigate the market for deals, targeting issuers with superior credit fundamentals (i.e., stable income streams and attractive downside protection).

Describe portfolio positioning at period end.

•At period end, the Fund held 86% of its total portfolio in floating rate loan interests (bank loans) and 11% in corporate bonds, with the remainder in asset-backed securities, other interests and common stocks. The Fund ended the period with leverage at 27% of its total managed assets.

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.

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## Fund Information

|  |                  |
|--|------------------|
| Symbol on New York Stock Exchange ("NYSE")                                 | BHL              |
| Initial Offering Date  | January 31, 2008 |
| Yield on Closing Market Price as of August 31, 2011 (\$12.65) <sup>1</sup> | 6.26%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.0660         |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.7920         |
| Leverage as of August 31, 2011 <sup>3</sup>                                | 27%              |

<sup>1</sup> 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.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/11 | 8/31/10 | Change  | High    | Low     |
|-----------------|---------|---------|---------|---------|---------|
| Market Price    | \$12.65 | \$12.86 | (1.63)% | \$15.71 | \$11.77 |
| Net Asset Value | \$13.17 | \$13.55 | (2.80)% | \$14.37 | \$12.93 |

The following 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

|                              | 8/31/11 | 8/31/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 86%     | 83%     |
| Corporate Bonds              | 11      | 15      |
| Asset-Backed Securities      | 2       | —       |
| Other Interests              | 1       | 1       |
| Common Stocks                | —       | 1       |

Credit Quality Allocations<sup>4</sup>

|         | 8/31/11 | 8/31/10 |
|---------|---------|---------|
| BBB/Baa | 12%     | 11%     |
| BB/Ba   | 33      | 44      |
| B       | 55      | 44      |
| CCC/Caa | —       | 1       |

<sup>4</sup> Using the higher of Standard & Poor's ("S&P's") or Moody's Investors Service



("Moody's") ratings.

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## Fund Summary as of August 31, 2011 BlackRock Diversified Income Strategies Fund, Inc.

### Investment Objective

BlackRock Diversified Income Strategies Fund, Inc.'s (DVF) (the "Fund") investment objective is to provide shareholders with high current income. The Fund seeks to achieve its investment objective by investing primarily in floating rate debt securities and instruments, including floating rate loans, bonds, certain preferred securities (including certain convertible preferred securities), notes or other debt securities or instruments which pay a floating or variable rate of interest until maturity. The Fund considers floating rate debt securities to include fixed rate debt securities held by the Fund where the Fund has entered into certain derivative transactions at either the portfolio level or with respect to an individual security held by the Fund, including interest rate swap agreements, in an attempt to convert the fixed rate payments it receives with respect to such securities into floating rate payments. The Fund may invest, under normal market conditions, a substantial portion of its assets in below investment grade quality securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

### Portfolio Management Commentary

How did the Fund perform?

•For the 12 months ended August 31, 2011, the Fund returned 0.91% based on market price and 4.30% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 1.16% based on market price and 3.79% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

•Positive Fund performance was predominantly driven by security selection within the higher-quality tiers of the market. Security selection continued to reflect the higher-quality bias the Fund has employed over the last two years, which has focused on sectors classified as "recession-resistant" and not heavily reliant on a strong consumer, such as chemicals and non-captive diversified (industrials). The Fund's exposure to high yield bonds was another contributor to performance as the asset class performed well over the period.

•Toward the end of 2010, the market was priced for slow-but-modest growth. Credit fundamentals had materially improved and refinancing was easier for non-investment grade issuers given a robust capital market. Default activity was muted and expected to remain benign throughout 2011. In this environment, lower-quality loans staged a significant rally and managed to outperform their higher-quality counterparts. Therefore,

the Fund's limited exposure to low-quality credits negatively impacted returns. The Fund uses foreign currency exchange contracts to manage currency risk in the portfolio. The net effect of the contracts during the period was negative.

Describe recent portfolio activity.

- During the period, the Fund did not deviate from its higher quality bias in terms of loan structure, overall credit quality and liquidity. This focus was even more pressing in 2011, when loans traded close to par and gave investors no incentive to forgo credit quality in order to pick up yield. Prior to the correction in the last month of the period, when fund management believed market conditions were weakening, fund management sold some of the Fund's lower-quality securities, therefore raising the cash reserve level. Becoming more conservative overall, fund management continued to navigate the market for deals, targeting issuers with superior credit fundamentals (i.e., stable income streams and attractive downside protection).

Describe portfolio positioning at period end.

- At period end, the Fund held 80% of its total portfolio in floating rate loan interests (bank loans) and 14% in corporate bonds, with the remainder in asset-backed securities, common stocks and other interests. The Fund ended the period with leverage at 27% of its total managed assets.

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.

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BlackRock Diversified Income Strategies Fund, Inc.

Fund Information

|   |                  |
|---|------------------|
| Symbol on NYSE  | DVF              |
| Initial Offering Date   | January 31, 2005 |
| Yield on Closing Market Price as of August 31, 2011 (\$9.84) <sup>1</sup> | 7.13%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.0585         |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.7020         |
| Leverage as of August 31, 2011 <sup>3</sup>                               | 27%              |

<sup>1</sup> 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.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/11 | 8/31/10 | Change  | High    | Low     |
|-----------------|---------|---------|---------|---------|---------|
| Market Price    | \$ 9.84 | \$10.45 | (5.84)% | \$12.02 | \$ 8.97 |
| Net Asset Value | \$10.19 | \$10.47 | (2.67)% | \$11.09 | \$10.05 |

The following 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

|                              | 8/31/11 | 8/31/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 80%     | 76%     |
| Corporate Bonds              | 14      | 20      |
| Asset-Backed Securities      | 2       | —       |
| Other Interests              | 2       | 2       |
| Common Stocks                | 2       | 2       |

Credit Quality Allocations<sup>4</sup>

|         | 8/31/11 | 8/31/10 |
|---------|---------|---------|
| BBB/Baa | 8%      | 4%      |
| BB/Ba   | 30      | 32      |
| B       | 47      | 46      |
| CCC/Caa | 8       | 11      |
| CC/Ca   | —       | 1       |

Not Rated

7

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<sup>4</sup> Using the higher of S&P's or Moody's ratings.

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## Fund Summary as of August 31, 2011 BlackRock Floating Rate Income Strategies Fund, Inc.

### Investment Objective

BlackRock Floating Rate Income Strategies Fund, Inc.'s (FRA) (the "Fund") investment objective is to provide shareholders with 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. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

### Portfolio Management Commentary

How did the Fund perform?

•For the 12 months ended August 31, 2011, the Fund returned (2.91)% based on market price and 4.04% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 1.16% based on market price and 3.79% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period-end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

•Positive Fund performance was predominantly driven by security selection within the higher-quality tiers of the market. Security selection continued to reflect the higher-quality bias the Fund has employed over the last two years, which has focused on sectors classified as "recession-resistant" and not heavily reliant on a strong consumer, such as chemicals and non-captive diversified (industrials). The Fund's exposure to high yield bonds was another contributor to performance as the asset class performed well over the period.

•Toward the end of 2010, the market was priced for slow-but-modest growth. Credit fundamentals had materially improved and refinancing was easier for non-investment grade issuers given a robust capital market. Default activity was muted and expected to remain benign throughout 2011. In this environment, lower-quality loans staged a significant rally and managed to outperform their higher-quality counterparts. Therefore, the Fund's limited exposure to low-quality credits negatively impacted returns.

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Describe recent portfolio activity.

•During the period, the Fund did not deviate from its higher quality bias in terms of loan structure, overall credit quality and liquidity. This focus was even more pressing in 2011, when loans traded close to par and gave investors no incentive to forgo credit quality in order to pick up yield. Prior to the correction in the last month of the period, when fund management believed market conditions were weakening, fund management sold some of the Fund's lower-quality securities, therefore raising the cash reserve level. Becoming more conservative overall, fund management continued to navigate the market for deals, targeting issuers with superior credit fundamentals (i.e., stable income streams and attractive downside protection).

Describe portfolio positioning at period end.

•At period end, the Fund held 81% of its total portfolio in floating rate loan interests (bank loans) and 15% in corporate bonds, with the remainder in asset-backed securities, other interests and common stocks. The Fund ended the period with leverage at 26% of its total managed assets.

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BlackRock Floating Rate Income Strategies Fund, Inc.

Fund Information

|  |                  |
|--|------------------|
| Symbol on NYSE   | FRA              |
| Initial Offering Date  | October 31, 2003 |
| Yield on Closing Market Price as of August 31, 2011 (\$13.33) <sup>1</sup> | 6.93%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.0770         |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.9240         |
| Leverage as of August 31, 2011 <sup>3</sup>                                | 26%              |

<sup>1</sup> 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.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/11 | 8/31/10 | Change  | High    | Low     |
|-----------------|---------|---------|---------|---------|---------|
| Market Price    | \$13.33 | \$14.61 | (8.76)% | \$16.42 | \$12.66 |
| Net Asset Value | \$14.04 | \$14.36 | (2.23)% | \$15.31 | \$13.80 |

The following 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

|                              | 8/31/11 | 8/31/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 81%     | 76%     |
| Corporate Bonds              | 15      | 22      |
| Asset-Backed Securities      | 3       | —       |
| Other Interests              | 1       | 1       |
| Common Stocks                | —       | 1       |

Credit Quality Allocations<sup>4</sup>

|         | 8/31/11 | 8/31/10 |
|---------|---------|---------|
| BBB/Baa | 9%      | 5%      |
| BB/Ba   | 36      | 33      |
| B       | 49      | 50      |
| CCC/Caa | 3       | 6       |
| CC/Ca   | —       | 1       |



Not Rated

3

5

<sup>4</sup> Using the higher of S&P's or Moody's ratings.

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## Fund Summary as of August 31, 2011 BlackRock Limited Duration Income Trust

### Investment Objective

BlackRock Limited Duration Income Trust's (BLW) (the "Fund") investment objective is to provide current income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in three distinct asset classes:

- intermediate duration, investment grade corporate bonds, mortgage-related securities and asset-backed securities and US Government and agency securities;
- senior, secured floating rate loans made to corporate and other business entities; and
- US dollar-denominated securities of US and non-US issuers rated below investment grade, and to a limited extent, in non-US dollar denominated securities of non-US issuers rated below investment grade.

The Fund's portfolio normally has an average portfolio duration of less than five years (including the effect of anticipated leverage), although it may be longer from time to time depending on market conditions. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

### Portfolio Management Commentary

How did the Fund perform?

•For the 12 months ended August 31, 2011, the Fund returned 2.77% based on market price and 5.85% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 11.37% based on market price and 9.65% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

•The Fund invests in high yield bonds, floating rate loan interests and investment grade bonds, whereas most funds in the Lipper category invest primarily in high yield bonds. The largest detractor from performance for the period was the Fund's allocation to bank loans and investment grade bonds, both of which underperformed high yield bonds for the 12-month period. During the period, the Fund maintained leverage at an average of 23%, which was below the average level for the Lipper category. This lower average leverage detracted from Fund performance, as would be expected in a rising market.

•Lower-quality and higher-beta segments (those with higher sensitivity to market volatility) outperformed higher-quality and lower-beta segments for the period, despite a sharp reversal in August 2011. The Fund's limited exposure to high yield credits near the high end of the quality range helped

performance over the period, although an underexposure to lower-quality credits slightly detracted.

Describe recent portfolio activity.

•During the first half of the period, the Fund shifted its overall positioning from a more conservative stance to one that was more consistent with a gradually improving economy. As the US economic outlook worsened and the potential for contagion from the continued debt crisis in Europe increased, Fund positioning once again became more conservative. Specifically, the Fund reduced positions in more cyclical credits and increased exposure to market sectors with stronger assets and more stable cash flows. These adjustments detracted from performance initially but were positive for performance in the August sell-off.

Describe portfolio positioning at period end.

•At period end, the Fund held 40% of its total portfolio in high yield bonds, 31% in floating rate loan interests (bank loans), 11% in US Government sponsored agency securities and 10% in non-agency mortgage-backed securities. The remainder of the portfolio was invested in asset-backed securities, taxable municipal bonds, common stocks and other interests, while the Fund's cash position was negligible. The Fund ended the period with leverage at 29% of its total managed assets.

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.

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BlackRock Limited Duration Income Trust

Fund Information

|  |               |
|--|---------------|
| Symbol on NYSE   | BLW           |
| Initial Offering Date  | July 30, 2003 |
| Yield on Closing Market Price as of August 31, 2011 (\$16.01) <sup>1</sup> | 7.68%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.1025      |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$1.2300      |
| Leverage as of August 31, 2011 <sup>3</sup>                                | 29%           |

<sup>1</sup> 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.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents reverse repurchase agreements outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/11 | 8/31/10 | Change  | High    | Low     |
|-----------------|---------|---------|---------|---------|---------|
| Market Price    | \$16.01 | \$16.76 | (4.47)% | \$18.40 | \$14.30 |
| Net Asset Value | \$16.52 | \$16.79 | (1.61)% | \$17.75 | \$16.34 |

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

Portfolio Composition

|   | 8/31/11 | 8/31/10 |
|---|---------|---------|
| Corporate Bonds                           | 40%     | 34%     |
| Floating Rate Loan Interests              | 31      | 39      |
| US Government Sponsored Agency Securities | 11      | 7       |
| Non-Agency Mortgage-Backed Securities     | 10      | 11      |
| Asset-Backed Securities                   | 5       | 5       |
| Taxable Municipal Bonds                   | 1       | 1       |
| Other Interests                           | 1       | 1       |
| Common Stocks                             | 1       | —       |
| Foreign Agency Obligations                | —       | 2       |

Credit Quality Allocations<sup>4</sup>

8/31/11 8/31/10

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|                      |     |     |
|----------------------|-----|-----|
| AAA/Aaa <sup>5</sup> | 17% | 18% |
| AA/Aa                | 2   | 2   |
| A                    | 5   | 6   |
| BBB/Baa              | 15  | 8   |
| BB/Ba                | 26  | 30  |
| B                    | 27  | 28  |
| CCC/Caa              | 7   | 6   |
| D                    | 1   | —   |
| Not Rated            | —   | 2   |

<sup>4</sup> Using the higher of S&P's or Moody's ratings.

<sup>5</sup> Includes US Government Sponsored Agency securities and US Treasury Obligations, which were deemed AAA/Aaa by the investment advisor.

## The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV. However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage by borrowing through a credit facility or through entering into reverse repurchase agreements. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally 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 benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund's capitalization is \$100 million and it borrows for an additional \$30 million, creating a total value of \$130 million available for investment in long-term securities. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays borrowing costs and interest expense on the \$30 million of borrowings based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the borrowings earn income based on long-term interest rates. In this case, the borrowing costs and interest expense of the borrowings is significantly lower than the income earned on the Fund's long-term investments, and therefore the Fund's shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the

redemption value of the Funds' borrowings does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAV positively or negatively in addition to the impact on Fund performance from leverage from borrowings discussed above.

The use of leverage may enhance opportunities for increased income to the Funds, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' 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. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through their credit facility or by entering into reverse repurchase agreements up to  $33\frac{1}{3}\%$  of their total managed assets. As of August 31, 2011, the Funds had outstanding leverage from borrowings as a percentage of their total managed assets as follows:

|     | Percent of<br>Leverage |
|-----|------------------------|
| BHL | 27%                    |
| DVF | 27%                    |
| FRA | 26%                    |
| BLW | 29%                    |

## Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts, foreign currency exchange contracts, options and swaps as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, equity, credit, interest rate and/or foreign currency exchange rate risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default

of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

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BlackRock Defined Opportunity Credit Trust (BHL)

**Schedule of Investments** August 31, 2011

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Asset-Backed Securities</b>  |              |            |
| ARES CLO Funds, Series 2005-10A, Class B,<br>0.64%, 9/18/17 (a)(b)                        | USD 250      | \$ 222,767 |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B,<br>0.73%, 6/19/21 (a)(b)                | 345          | 276,811    |
| Flagship CLO, Series 2006-1A, Class B,<br>0.60%, 9/20/19 (a)(b)                           | 1,000        | 807,500    |
| Fraser Sullivan CLO Ltd., Series 2006-2A, Class B,<br>0.65%, 12/20/20 (a)(b)              | 500          | 400,000    |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2,<br>0.61%, 10/27/20 (b)                   | 265          | 198,088    |
| Goldman Sachs Asset Management CLO Plc,<br>Series 2007-1A, Class B, 0.70%, 8/01/22 (a)(b) | 580          | 430,650    |
| Landmark CDO Ltd., Series 2006-8A, Class B,<br>0.61%, 10/19/20 (a)(b)                     | 495          | 405,261    |
| MAPS CLO Fund LLC, Series 2005-1A, Class C,<br>1.20%, 12/21/17 (a)(b)                     | 260          | 230,334    |
| Portola CLO Ltd., Series 2007-1X, Class B1,<br>1.74%, 11/15/21 (b)                        | 350          | 311,990    |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B,<br>0.85%, 7/15/19 (a)(b)                | 300          | 267,960    |
| Total Asset-Backed Securities — 3.0%  |              | 3,551,361  |
| <b>Common Stocks (c)</b>  |              |            |
| <b>Capital Markets — 0.1%</b>   |              |            |
| E*Trade Financial Corp.   | 16,300       | 201,468    |
| <b>Hotels, Restaurants &amp; Leisure — 0.2%</b>   |              |            |
| BLB Worldwide Holdings, Inc.  | 21,020       | 208,456    |
| <b>Software — 0.1%</b>  |              |            |
| HMH Holdings/EduMedia   | 53,267       | 106,534    |
| Total Common Stocks — 0.4%  |              | 516,458    |
| <b>Corporate Bonds</b>  |              |            |
| <b>Airlines — 0.4%</b>  |              |            |
| Air Canada, 9.25%, 8/01/15 (a)  | USD 210      | 201,600    |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16  | 209          | 213,942    |

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|   |     |       |            |
|---|-----|-------|------------|
|   |     |       | 415,542    |
| Auto Components — 1.0%  |     |       |            |
| Icahn Enterprises LP, 7.75%, 1/15/16                                  |     | 1,125 | 1,136,250  |
| Chemicals — 0.4%  |     |       |            |
| CF Industries, Inc., 6.88%, 5/01/18                                   |     | 415   | 470,506    |
| Commercial Banks — 1.0%   |     |       |            |
| CIT Group, Inc.:  |     |       |            |
| 7.00%, 5/01/15  |     | 140   | 139,300    |
| 7.00%, 5/01/16  |     | 180   | 179,100    |
| 7.00%, 5/01/17  |     | 808   | 797,900    |
| 7.00%, 5/02/17 (a)  |     | 130   | 128,375    |
|   |     |       | 1,244,675  |
| Commercial Services & Supplies — 0.4%                                 |     |       |            |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a)                       |     | 453   | 437,292    |
| Consumer Finance — 0.3%   |     |       |            |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)                             |     | 325   | 338,000    |
|   |     |       |            |
|   |     | Par   |            |
| Corporate Bonds   |     | (000) | Value      |
| Containers & Packaging — 0.7%   |     |       |            |
| Berry Plastics Corp., 8.25%, 11/15/15                                 | USD | 700   | \$ 721,000 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17                 |     | 100   | 108,750    |
|   |     |       | 829,750    |
| Diversified Financial Services — 1.3%                                 |     |       |            |
| Ally Financial, Inc., 2.45%, 12/01/14 (b)                             |     | 1,025 | 960,535    |
| FCE Bank Plc, 7.13%, 1/15/13  | EUR | 50    | 72,005     |
| Reynolds Group Issuer, Inc. (a):                                      |     |       |            |
| 7.13%, 4/15/19  | USD | 245   | 232,137    |
| 7.88%, 8/15/19  |     | 100   | 99,000     |
| 6.88%, 2/15/21  |     | 185   | 172,050    |
|   |     |       | 1,535,727  |
| Diversified Telecommunication Services — 0.4%                         |     |       |            |
| ITC Deltacom, Inc., 10.50%, 4/01/16                                   |     | 140   | 143,500    |
| Qwest Communications International, Inc., Series B,<br>7.50%, 2/15/14 |     | 347   | 351,337    |
|   |     |       | 494,837    |
| Electronic Equipment, Instruments & Components — 0.1%                 |     |       |            |
| CDW LLC, 8.00%, 12/15/18 (a)  |     | 170   | 168,300    |
| Health Care Providers & Services — 1.1%                               |     |       |            |
| HCA, Inc.:  |     |       |            |

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|  |       |           |
|--|-------|-----------|
| 6.50%, 2/15/20   | 535   | 541,019   |
| 7.25%, 9/15/20   | 670   | 688,425   |
| 7.50%, 2/15/22   | 130   | 128,700   |
|  |       | 1,358,144 |
| <br><b>Health Care Technology — 0.8%</b>                                       |       |           |
| IMS Health, Inc., 12.50%, 8/26/17 (a)  | 850   | 977,500   |
| <br><b>Hotels, Restaurants &amp; Leisure — 0.2%</b>                            |       |           |
| MGM Resorts International, 11.13%, 11/15/17                                    | 240   | 267,600   |
| <br><b>Household Durables — 0.6%</b>   |       |           |
| Beazer Homes USA, Inc., 12.00%, 10/15/17                                       | 715   | 725,725   |
| <br><b>IT Services — 0.3%</b>  |       |           |
| First Data Corp., 7.38%, 6/15/19 (a)   | 400   | 376,000   |
| <br><b>Independent Power Producers &amp; Energy Traders — 1.5%</b>             |       |           |
| Energy Future Holdings Corp., 10.00%, 1/15/20                                  | 400   | 401,548   |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20                | 1,325 | 1,336,754 |
|  |       | 1,738,302 |
| <br><b>Media — 1.9%</b>  |       |           |
| AMC Networks, Inc., 7.75%, 7/15/21 (a)   | 105   | 108,675   |
| CCH II LLC, 13.50%, 11/30/16   | 500   | 577,500   |
| Clear Channel Worldwide Holdings, Inc.:  |       |           |
| 9.25%, 12/15/17  | 185   | 196,100   |
| Series B, 9.25%, 12/15/17  | 850   | 909,500   |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC<br>Germany GmbH), 8.13%, 12/01/17 (a) | 500   | 510,000   |
|  |       | 2,301,775 |
| <br><b>Metals &amp; Mining — 0.8%</b>  |       |           |
| FMG Resources August 2006 Property Ltd.,<br>7.00%, 11/01/15 (a)                | 550   | 548,625   |
| Novelis, Inc., 8.38%, 12/15/17   | 430   | 443,975   |
|  |       | 992,600   |

### Portfolio Abbreviations

|   |     |                   |       |                               |
|---|-----|-------------------|-------|-------------------------------|
| To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list: | CAD | Canadian Dollar   | GO    | General Obligation            |
|   | EUR | Euro              | LIBOR | London Interbank Offered Rate |
|   | FKA | Formerly Known As | USD   | US Dollar                     |
|   | GBP | British Pound     |       |                               |

See Notes to Financial Statements.



BlackRock Defined Opportunity Credit Trust (BHL)  
**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Corporate Bonds   |              |            |
| Oil, Gas & Consumable Fuels — 0.5%                      |              |            |
| Alpha Natural Resources, Inc.:                          |              |            |
| 6.00%, 6/01/19  | USD 170      | \$ 166,175 |
| 6.25%, 6/01/21  | 305          | 298,519    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)           | 126          | 133,560    |
|   |              | 598,254    |
| Paper & Forest Products — 0.3%                          |              |            |
| Longview Fibre Paper & Packaging, Inc.,                 |              |            |
| 8.00%, 6/01/16 (a)                                      | 155          | 153,450    |
| Verso Paper Holdings LLC, 11.50%, 7/01/14               | 180          | 190,800    |
|   |              | 344,250    |
| Pharmaceuticals — 0.5%                                  |              |            |
| Valeant Pharmaceuticals International,                  |              |            |
| 6.50%, 7/15/16 (a)                                      | 575          | 546,250    |
| Wireless Telecommunication Services — 1.2%              |              |            |
| Cricket Communications, Inc., 7.75%, 5/15/16            | 1,125        | 1,139,063  |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13  | 275          | 273,281    |
|   |              | 1,412,344  |
| Total Corporate Bonds — 15.7%                           |              | 18,709,623 |
| Floating Rate Loan Interests (b)                        |              |            |
| Aerospace & Defense — 1.7%                              |              |            |
| DynCorp International LLC, Term Loan B, 6.25%, 7/05/16  | 404          | 384,510    |
| SI Organization, Inc., New Term Loan B, 4.50%, 11/22/16 | 421          | 378,563    |
| TransDigm, Inc., Term Loan (First Lien), 4.00%, 2/14/17 | 846          | 811,920    |
| Wesco Aircraft Hardware Corp., Term Loan B,             |              |            |
| 4.25%, 4/07/17  | 419          | 404,997    |
|   |              | 1,979,990  |
| Airlines — 0.9%   |              |            |
| Delta Air Lines, Inc., Credit — New Term Loan B,        |              |            |
| 5.50%, 4/20/17  | 1,150        | 1,059,920  |
| Auto Components — 2.5%                                  |              |            |
| Allison Transmission, Inc., Term Loan, 2.96%, 8/07/14   | 1,709        | 1,602,133  |
| Autoparts Holdings, Ltd., First Lien Term Loan,         |              |            |
| 6.50%, 7/28/17  | 650          | 637,000    |

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### Federal-Mogul Corp.:

|  |     |           |
|--|-----|-----------|
| Term Loan B, 2.16%, 12/29/14                       | 276 | 250,333   |
| Term Loan C, 2.15%, 12/28/15                       | 141 | 127,633   |
| UCI International, Inc., Term Loan, 5.50%, 7/26/17 | 348 | 338,238   |
|  |     | 2,955,337 |

### Automobiles — 0.4%

#### Ford Motor Co.:

|  |     |         |
|--|-----|---------|
| Tranche B-1 Term Loan, 2.96%, 12/16/13 | 522 | 512,922 |
| Tranche B-2 Term Loan, 2.96%, 12/16/13 | 9   | 8,581   |
|  |     | 521,503 |

### Biotechnology — 0.3%

|   |     |         |
|---|-----|---------|
| Grifols SA, Term Loan B, 6.00%, 6/01/17 | 420 | 409,920 |
|---|-----|---------|

### Building Products — 3.4%

|  |         |           |
|--|---------|-----------|
| Armstrong World Industries, Inc., Term Loan B,<br>4.00%, 3/09/18                               | 449     | 421,382   |
| CPG International I, Inc., Term Loan B, 6.00%, 2/18/17   | 796     | 744,260   |
| Goodman Global, Inc., Initial Term Loan (First Lien),<br>5.75%, 10/28/16                       | 2,154   | 2,117,449 |
| Momentive Performance Materials (Blitz 06-103 GmbH),<br>Tranche B-2B Term Loan, 4.79%, 5/05/15 | EUR 566 | 729,382   |
|  |         | 4,012,473 |

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Floating Rate Loan Interests (b)                                 |              |            |
| <b>Capital Markets — 1.8%</b>                                    |              |            |
| American Capital Ltd., Term Loan B, 7.50%, 12/31/13 USD          | 229          | \$ 222,357 |
| HarbourVest Partners, Term Loan (First Lien),<br>6.25%, 12/14/16 | 906          | 878,829    |
| Nuveen Investments, Inc. (First Lien):                           |              |            |
| 3.25%, 11/13/14  | 391          | 361,360    |
| 5.75% – 5.81%, 5/12/17   | 782          | 730,816    |
|  |              | 2,193,362  |

### Chemicals — 6.3%

|   |     |         |
|---|-----|---------|
| American Rock Salt Holdings LLC, Term Loan,<br>5.50%, 4/25/17 | 603 | 578,594 |
| Arizona Chemical Co., LLC, Term Loan B,<br>4.75%, 11/21/16    | 204 | 196,527 |
| Ashland, Inc., Term Loan B, 3.75%, 7/30/18                    | 550 | 537,724 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16              | 750 | 733,747 |
| Genetek, Inc., Term Loan B, 5.00% – 5.75%, 10/06/15           | 683 | 637,739 |

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|  |       |           |
|--|-------|-----------|
| MDI Holdings LLC (FKA MacDermid, Inc.), Term Loan B,<br>2.26%, 4/11/14                               | 450   | 430,303   |
| Nexeo Solutions, LLC, Term Loan B, 5.00%, 9/08/17  | 574   | 528,153   |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term<br>Loan (First Lien), 3.48% – 3.51%, 7/30/14 | 641   | 585,672   |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17   | 835   | 767,066   |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 10/15/15  | 1,368 | 1,352,734 |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17  | 1,194 | 1,101,763 |
|  |       | 7,450,022 |

### Commercial Services & Supplies — 4.1%

#### ARAMARK Corp.:

|  |       |           |
|--|-------|-----------|
| Letter of Credit — 1 Facility, 2.06%, 1/27/14  | 9     | 8,842     |
| Letter of Credit — 2 Facility, 3.44%, 7/26/16  | 14    | 12,963    |
| US Term Loan, 2.12%, 1/27/14   | 116   | 109,757   |
| US Term Loan B, 3.50%, 7/26/16   | 211   | 197,109   |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                   | 282   | 271,081   |
| Adesa Inc. (KAR Holdings, Inc.), Initial Term Loan B,<br>5.00%, 5/19/17                        | 1,200 | 1,140,000 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.),<br>Tranche D Term Loan, 7.75%, 2/20/15 | 697   | 678,397   |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16  | 825   | 819,497   |
| Synagro Technologies, Inc., Term Loan (First Lien),<br>2.21% – 2.23%, 4/02/14                  | 870   | 755,643   |
| Volume Services America, Inc. (Centerplate),<br>Term Loan B, 10.50% – 10.75%, 9/16/16          | 496   | 474,748   |
| West Corp., Term Loan B, 4.50%, 7/15/16  | 397   | 376,214   |
|  |       | 4,844,251 |

### Communications Equipment — 1.8%

#### Avaya, Inc.:

|  |     |           |
|--|-----|-----------|
| Term Loan B, 3.06%, 10/24/14                 | 450 | 400,485   |
| Term Loan B-3, 4.81%, 10/26/17               | 905 | 779,308   |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18 | 998 | 957,600   |
|  |     | 2,137,393 |

### Construction & Engineering — 0.9%

|  |     |           |
|--|-----|-----------|
| BakerCorp., Inc., Term Loan B, 5.00%, 6/01/18                    | 340 | 323,000   |
| Safway Services, LLC, First Out Tranche Loan,<br>9.00%, 12/16/17 | 750 | 750,000   |
|  |     | 1,073,000 |

### Consumer Finance — 1.9%

Springleaf Financial Funding Co. (FKA AGFS)

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|   |       |           |
|---|-------|-----------|
| Funding Co.), Term Loan, 5.50%, 5/10/17                                 | 2,450 | 2,269,312 |
| Containers & Packaging — 1.3%   |       |           |
| Anchor Glass Container Corp., Term Loan (First Lien),<br>6.00%, 3/02/16 | 148   | 145,947   |
| Berry Plastics Holding Corp., Term Loan C,<br>2.21%, 4/03/15            | 503   | 447,606   |
| Graham Packaging Co., LP, Term Loan D, 6.00%, 9/23/16                   | 993   | 982,575   |
|   |       | 1,576,128 |

See Notes to Financial Statements.

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BlackRock Defined Opportunity Credit Trust (BHL)  
**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Floating Rate Loan Interests (b)  |              |            |
| <b>Diversified Consumer Services — 3.4%</b>                                 |              |            |
| Coinmach Laundry Corp., Delayed Draw Term Loan,<br>3.22%, 11/20/14          | USD 244      | \$ 212,594 |
| Coinmach Service Corp., Term Loan,<br>3.22% – 3.30%, 11/20/14               | 1,101        | 958,228    |
| Laureate Education, Extended Term Loan,<br>5.25%, 8/15/18                   | 1,965        | 1,735,386  |
| ServiceMaster Co.:  |              |            |
| Closing Date Term Loan, 2.69% – 2.76%, 7/24/14                              | 108          | 99,941     |
| Delayed Draw Term Loan, 2.72%, 7/24/14                                      | 1,086        | 1,003,570  |
|   |              | 4,009,719  |
| <b>Diversified Financial Services — 1.0%</b>                                |              |            |
| Reynolds Group Holdings, Inc., Term Loan E,<br>5.25%, 2/09/18               | 1,237        | 1,179,693  |
| <b>Diversified Telecommunication Services — 4.6%</b>                        |              |            |
| Hawaiian Telcom Communications, Inc., Term Loan,<br>9.00%, 11/01/15 (d)     | 655          | 653,971    |
| Integra Telecom Holdings, Inc., Term Loan,<br>9.25%, 4/15/15                | 817          | 768,766    |
| Level 3 Financing, Inc.:  |              |            |
| Incremental Tranche A Term Loan,<br>2.49% – 2.50%, 3/13/14                  | 1,200        | 1,108,800  |
| Term Loan B, 11.50%, 3/13/14  | 550          | 571,543    |
| Term Loan B2, 2.49%, 9/03/18  | 1,800        | 1,696,500  |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                           | 748          | 720,256    |
|   |              | 5,519,836  |
| <b>Electronic Equipment, Instruments &amp; Components — 2.2%</b>            |              |            |
| Aeroflex Inc., Term Loan B, 4.25%, 5/09/18                                  | 650          | 601,790    |
| CDW LLC (FKA CDW Corp.):  |              |            |
| Extended Term Loan B, 4.25%, 7/14/17  | 516          | 467,855    |
| Non-Extended Term Loan, 3.71%, 10/10/14                                     | 631          | 593,081    |
| Sensata Technologies Finance Company, LLC, New Term<br>Loan, 4.00%, 5/11/18 | 950          | 913,187    |
|   |              | 2,575,913  |

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### Energy Equipment & Services — 2.6%

|   |       |           |
|---|-------|-----------|
| CCS Corp., Tranche B Term Loan, 3.25%, 11/14/14       | 750   | 665,171   |
| Dynergy Holdings, Inc.:                               |       |           |
| Coal Co. Term Loan, 9.25%, 8/04/16                    | 318   | 307,134   |
| Gas Co. Term Loan, 9.25%, 8/04/16                     | 582   | 571,815   |
| MEG Energy Corp., Tranche D Term Loan, 4.00%, 3/16/18 | 1,550 | 1,482,188 |
|   |       | 3,026,308 |

### Food & Staples Retailing — 2.1%

|   |       |           |
|---|-------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), |       |           |
| Facility B1, 3.61%, 7/09/15                           | GBP   | 900       |
|   |       | 1,256,098 |
| Bolthouse Farms, Inc., Term Loan (First Lien),        |       |           |
| 5.50% – 5.75%, 2/11/16                                | 228   | 221,791   |
| US Foodservice, Inc.:                                 |       |           |
| New Term Loan B, 5.75%, 3/31/17                       | USD   | 100       |
|   |       | 92,767    |
| Term Loan B, 2.71% – 2.72%, 7/03/14                   | 1,018 | 911,184   |
|   |       | 2,481,840 |

### Food Products — 4.2%

|  |       |           |
|--|-------|-----------|
| Advance Pierre Foods, Term Loan (Second Lien):   |       |           |
| 7.00%, 9/30/16                                   | 953   | 921,243   |
| 11.25%, 9/29/17                                  | 500   | 490,000   |
| Del Monte Corp., Term Loan B, 4.50%, 3/08/18     | 2,345 | 2,210,163 |
| Michaels Foods Group, Inc. (FKA M-Foods          |       |           |
| Holdings, Inc.), Term Loan B, 4.25%, 2/23/18     | 131   | 125,108   |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, |       |           |
| 6.00%, 4/02/14                                   | 532   | 524,256   |
| Solvest, Ltd. (Dole):                            |       |           |
| Tranche B-1 Term Loan, 5.00% – 6.00%, 7/06/18    | 282   | 271,325   |
| Tranche C-1 Term Loan, 5.00% – 6.00%, 7/06/18    | 523   | 503,890   |
|  |       | 5,045,985 |

|                                  |       |  |       |
|----------------------------------|-------|--|-------|
|                                  | Par   |  | Value |
| Floating Rate Loan Interests (b) | (000) |  |       |

### Health Care Equipment & Supplies — 1.6%

|  |     |            |
|--|-----|------------|
| Biomet, Inc., Dollar Term Loan,                        |     |            |
| 3.22% – 3.25%, 3/25/15                                 | USD | 315        |
|  |     | \$ 298,935 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), |     |            |
| Term Loan, 3.22%, 5/20/14                              | 428 | 399,063    |
| lasis Healthcare LLC, Term Loan, 5.00%, 5/03/18        | 797 | 735,065    |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18             | 495 | 477,368    |
|  |     | 1,910,431  |

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### Health Care Providers & Services — 5.4%

CHS/Community Health Systems, Inc.:

|  |     |         |
|--|-----|---------|
| Delayed Draw Term Loan, 2.47% – 2.57%, 7/25/14                   | 37  | 34,323  |
| Extended Term Loan B, 3.72% – 3.82%, 1/25/17                     | 80  | 73,100  |
| Non Extended Term Loan, 2.47% – 2.57%, 7/25/14                   | 727 | 674,129 |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/22/16                | 597 | 563,168 |
| DaVita, Inc., Tranche B Term Loan, 4.50%, 10/20/16               | 896 | 868,635 |
| Emergency Medical Services, Term Loan,<br>5.25% – 6.00%, 5/25/18 | 858 | 793,419 |
| HCA, Inc., Tranche B-1 Term Loan, 3.50%, 5/01/18                 | 380 | 356,618 |

Harden Healthcare, Inc.:

|  |     |         |
|--|-----|---------|
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | 521 | 511,013 |
| Tranche A Term Loan, 8.50%, 3/02/15            | 346 | 339,127 |

inVentiv Health, Inc. (FKA Ventive Health, Inc.):

|   |     |           |
|---|-----|-----------|
| Incremental Term Loan B3, 6.75%, 5/15/18                                | 300 | 282,000   |
| Term Loan B, 6.50%, 8/04/16   | 863 | 814,174   |
| Medpace, Inc., Term Loan, 6.50%, 6/22/17                                | 550 | 522,500   |
| Renal Advantage Holdings, Inc., Tranche B Term Loan,<br>5.75%, 12/16/16 | 597 | 584,564   |
|   |     | 6,416,770 |

### Health Care Technology — 0.8%

IMS Health, Inc., Tranche B Dollar Term Loan,

|   |     |         |
|---|-----|---------|
| 4.50%, 8/25/17                                | 556 | 532,874 |
| MedAssets, Inc., Term Loan B, 5.25%, 11/16/16 | 402 | 380,116 |
|   |     | 912,990 |

### Hotels, Restaurants & Leisure — 7.8%

Ameristar Casinos, Inc., Term Loan B, 4.00%, 4/13/18

Caesars Entertainment Operating Co., Inc.:

|   |       |           |
|---|-------|-----------|
| Incremental Term Loan B4, 9.50%, 10/31/16 | 266   | 265,595   |
| Term Loan B-1, 3.25%, 1/28/15             | 175   | 150,719   |
| Term Loan B-2, 3.22% – 3.25%, 1/28/15     | 145   | 124,926   |
| Term Loan B-3, 3.25%, 1/28/15             | 2,463 | 2,120,143 |

Dunkin' Brands, Inc., New Term Loan B,

|                 |       |           |
|-----------------|-------|-----------|
| 4.00%, 11/23/17 | 1,049 | 1,007,835 |
|-----------------|-------|-----------|

Golden Living, Term Loan, 5.00%, 5/04/18

Las Vegas Sands LLC:

|  |     |         |
|--|-----|---------|
| Delayed Draw Term Loan, 1.72%, 5/23/14 | 91  | 84,344  |
| Term Loan B, 1.72%, 5/23/14            | 359 | 334,560 |

Penn National Gaming, Inc., Term Loan B,

|                |     |         |
|----------------|-----|---------|
| 3.75%, 7/16/18 | 175 | 170,188 |
|----------------|-----|---------|

SeaWorld Parks & Entertainment, Inc. (FKA SW

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|  |     |           |
|--|-----|-----------|
| Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17                             | 807 | 778,568   |
| Six Flags Theme Parks, Inc., Tranche B Term Loan<br>(First Lien), 5.25%, 6/30/16 | 727 | 709,218   |
| Twin River Worldwide Holdings, Inc., Term Loan,<br>8.50%, 11/05/15               | 554 | 549,615   |
| VML US Finance LLC (FKA Venetian Macau):   |     |           |
| New Project Term Loan, 4.73%, 5/27/13  | 269 | 266,321   |
| Term B Delayed Draw Project Loan, 4.73%, 5/25/12                                 | 480 | 474,931   |
| Term B Funded Project Loan, 4.73%, 5/27/13                                       | 836 | 825,722   |
|  |     | 9,278,505 |
| <br><b>Household Durables — 0.0%</b>   |     |           |
| Visant Corp. (FKA Jostens), Term Loan B,<br>5.25%, 12/22/16                      | 37  | 33,289    |

See Notes to Financial Statements.

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BlackRock Defined Opportunity Credit Trust (BHL)  
**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|  | Par     | Value      |
|--|---------|------------|
|  | (000)   |            |
| Floating Rate Loan Interests (b)   |         |            |
| <b>IT Services — 4.7%</b>  |         |            |
| Ceridian Corp., US Term Loan, 3.22%, 11/10/14  | USD 792 | \$ 676,838 |
| First Data Corp.:  |         |            |
| Extended Term Loan B, 4.22%, 3/23/18   | 3,012   | 2,521,207  |
| Initial Tranche B-1 Term Loan, 2.97%, 9/24/14  | 113     | 99,609     |
| Initial Tranche B-3 Term Loan, 2.97%, 9/24/14  | 149     | 131,048    |
| infoGROUP, Inc., Term Loan, 5.75%, 5/22/18   | 346     | 317,152    |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17  | 505     | 477,572    |
| TransUnion LLC, Replacement Term Loan,<br>4.75%, 2/12/18   | 1,465   | 1,389,093  |
|  |         | 5,612,519  |
| <b>Independent Power Producers &amp; Energy Traders — 3.9%</b>                                     |         |            |
| The AES Corp., Term Loan B, 4.25%, 6/01/18   | 998     | 958,099    |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18   | 1,770   | 1,631,555  |
| Texas Competitive Electric Holdings Co., LLC (TXU),<br>Extended Term Loan, 4.71% – 4.77%, 10/10/17 | 2,734   | 2,006,990  |
|  |         | 4,596,644  |
| <b>Industrial Conglomerates — 1.4%</b>   |         |            |
| Sequa Corp., Term Loan, 3.50% – 3.51%, 12/03/14  | 1,763   | 1,647,076  |
| <b>Insurance — 0.8%</b>  |         |            |
| CNO Financial Group, Inc., Term Loan, 6.25%, 9/30/16   | 988     | 965,870    |
| <b>Machinery — 1.7%</b>  |         |            |
| Navistar Financial Corp., Term Loan B, 4.50%, 12/16/12   | 372     | 361,925    |
| Terex Corp.:   |         |            |
| Term Loan, 6.03%, 4/28/17  | EUR 60  | 85,901     |
| Term Loan B, 5.50%, 4/28/17  | USD 500 | 489,975    |
| Tomkins Plc, Term Loan A, 4.25%, 9/29/16   | 1,184   | 1,139,618  |
|  |         | 2,077,419  |
| <b>Marine — 0.3%</b>   |         |            |
| Horizon Lines, LLC:  |         |            |
| Revolving Loan, 0.50% – 6.30%, 8/08/12   | 285     | 277,454    |
| Term Loan, 6.25%, 8/08/12  | 120     | 115,927    |
|  |         | 393,381    |
| <b>Media — 20.1%</b>   |         |            |

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|  |       |           |
|--|-------|-----------|
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18   | 800   | 771,000   |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18  | 938   | 884,326   |
| Affinion Group, Inc., Tranche B Term Loan,<br>5.00%, 7/16/15   | 739   | 665,676   |
| Atlantic Broadband Finance, LLC, Term Loan B,<br>4.00%, 3/08/16  | 448   | 423,861   |
| Bresnan Telecommunications Co. LLC, Term Loan,<br>4.50%, 12/14/17  | 1,443 | 1,376,802 |
| Capsugel Healthcare Ltd., Term Loan, 5.25%, 8/01/18  | 600   | 579,600   |
| Catalina Marketing Corp., Term Loan B, 2.97%, 10/01/14   | 105   | 96,022    |
| Cengage Learning Acquisitions, Inc. (Thomson Learning):<br>Term Loan, 2.50%, 7/03/14                         | 1,008 | 833,696   |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14  | 373   | 356,334   |
| Cequel Communications LLC, New Term Loan,<br>2.21%, 11/05/13   | 528   | 502,934   |
| Charter Communications Operating, LLC:<br>Term Loan B, 7.25%, 3/06/14  | 12    | 12,330    |
| Term Loan C, 3.50%, 9/06/16  | 1,602 | 1,525,029 |
| Clarke American Corp., Term Facility B,<br>2.72% – 2.75%, 6/30/14  | 453   | 375,832   |
| Clear Channel Communications, Inc., Term Loan B,<br>3.87%, 1/28/16   | 995   | 744,698   |
| Cumulus Media, Inc., Term Loan, 5.75%, 8/30/18   | 550   | 514,937   |
| Getty Images, Inc., Initial Term Loan, 5.25%, 11/07/16   | 221   | 215,999   |
| Gray Television, Inc., Term Loan B, 3.71%, 12/31/14  | 559   | 510,800   |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>6.21%, 6/12/14   | 609   | 489,800   |
| Hubbard Broadcasting, Term Loan B (Second Lien),<br>5.25%, 4/28/17   | 500   | 475,835   |
| Intelsat Jackson Holdings S.A. (FKA Intelsat Jackson<br>Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | 2,993 | 2,865,319 |

| Floating Rate Loan Interests (b)  | Par<br>(000) | Value        |
|---|--------------|--------------|
| <a href="#">Media (concluded)</a>   |              |              |
| Interactive Data Corp., New Term Loan B,<br>4.50%, 2/12/18                      | USD 1,322    | \$ 1,249,827 |
| Knology, Inc., Term Loan B, 4.00%, 8/18/17                                      | 247          | 234,064      |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG):<br>Facility B1, 4.20%, 3/06/15 | EUR 460      | 513,086      |
| Facility C1, 4.45%, 3/04/16   | 460          | 516,393      |

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|   |     |       |            |
|---|-----|-------|------------|
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17          | USD | 198   | 189,076    |
| Mediacom LLC, Term Loan E (FKA Mediacom Communications, LLC), 4.50%, 10/23/17                           |     | 495   | 459,731    |
| Newsday LLC, Fixed Rate Term Loan:<br>6.50%, 8/01/13  |     | 500   | 500,000    |
| 10.50%, 8/01/13   |     | 800   | 826,000    |
| Nielsen Finance LLC, Class B Dollar Term Loan,<br>3.96%, 5/02/16  |     | 637   | 598,875    |
| Sinclair Television Group, Inc., New Tranche B Term Loan,<br>4.00%, 10/28/16                            |     | 338   | 333,333    |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment),<br>Term Facility, 5.51%, 6/01/12                     |     | 1,012 | 973,245    |
| UPC Broadband Holding B.V., Term U, 5.44%, 12/31/17 EUR   |     | 980   | 1,316,631  |
| Univision Communications, Inc., Extended First Lien<br>Term Loan, 4.47%, 3/31/17                        | USD | 813   | 698,890    |
| WC Luxco Sarl, New Term Loan B3, 4.25%, 3/15/18   |     | 219   | 210,536    |
| Weather Channel, Term Loan B, 4.25%, 2/13/17  |     | 1,042 | 1,003,910  |
|   |     |       | 23,844,427 |
| <br><b>Metals &amp; Mining — 2.9%</b>   |     |       |            |
| Novelis, Inc., Term Loan, 3.75%, 3/10/17  |     | 1,328 | 1,254,482  |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18   |     | 450   | 427,500    |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18  |     | 1,794 | 1,713,258  |
|   |     |       | 3,395,240  |
| <br><b>Multi-Utilities — 0.1%</b>   |     |       |            |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.),<br>Term B Advance (First Lien), 2.75%, 11/01/13 |     | 184   | 174,528    |
| <br><b>Multiline Retail — 2.2%</b>  |     |       |            |
| Dollar General Corp., Tranche B-2 Term Loan,<br>2.96% – 2.97%, 7/07/14                                  |     | 316   | 306,077    |
| Hema Holding BV, Facility D, 6.43%, 1/05/17   | EUR | 1,800 | 2,344,378  |
|   |     |       | 2,650,455  |
| <br><b>Oil, Gas &amp; Consumable Fuels — 2.1%</b>   |     |       |            |
| EquiPower Resources Holdings, LLC, Term Loan B,<br>5.75%, 1/26/18                                       | USD | 723   | 693,356    |
| Gibson Energy, Term Loan B, 5.75%, 6/14/18  |     | 800   | 756,000    |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15  |     | 1,017 | 1,006,813  |
|   |     |       | 2,456,169  |
| <br><b>Paper &amp; Forest Products — 0.5%</b>   |     |       |            |
| Georgia-Pacific LLC, Term Loan B, 2.32%, 12/21/12   |     | 545   | 541,001    |
| <br><b>Pharmaceuticals — 2.5%</b>   |     |       |            |

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|   |     |           |
|---|-----|-----------|
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                                   | 995 | 897,490   |
| Endo Pharmaceuticals Holdings, Inc., Term Loan B,<br>4.00%, 6/18/18                 | 600 | 586,878   |
| Quintiles Transnational Corp., Term Loan,<br>5.00%, 6/08/18                         | 595 | 551,863   |
| RPI Finance Trust, Term Loan Tranche 2, 4.00%, 5/09/18                              | 500 | 485,000   |
| Warner Chilcott Corp.:  |     |           |
| Term Loan B-1, 4.25%, 3/15/18   | 319 | 305,835   |
| Term Loan B-2, 4.25%, 3/15/18   | 160 | 153,117   |
|   |     | 2,980,183 |
| <br><b>Professional Services — 1.1%</b>   |     |           |
| Booz Allen Hamilton, Inc., Tranche B Term Loan,<br>4.00%, 8/03/17                   | 525 | 513,257   |
| Fifth Third Processing Solutions, LLC, Term Loan B<br>(First Lien), 4.50%, 11/03/16 | 796 | 766,656   |
|   |     | 1,279,913 |

See Notes to Financial Statements.

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BlackRock Defined Opportunity Credit Trust (BHL)  
**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Floating Rate Loan Interests (b)  |              |            |
| Real Estate Investment Trusts (REITs) — 0.8%                            |              |            |
| iStar Financial, Inc., Term Loan (Second Lien),<br>5.00%, 6/28/13       | USD 1,016    | \$ 987,169 |
| Real Estate Management & Development — 1.3%                             |              |            |
| Realogy Corp.:  |              |            |
| Delayed Draw Term Loan, 3.30%, 10/10/13                                 | 737          | 650,125    |
| Extended Synthetic Letter of Credit Loan,<br>4.44%, 10/10/16            | 32           | 25,963     |
| Extended Term Loan B, 4.52%, 10/10/16                                   | 809          | 666,207    |
| Letter of Credit, 3.19%, 10/10/13                                       | 30           | 26,655     |
| Term Loan, 3.27%, 10/10/13  | 240          | 211,620    |
|   |              | 1,580,570  |
| Road & Rail — 0.3%  |              |            |
| The Hertz Corp., Term Loan B, 3.75%, 3/09/18                            | 349          | 330,796    |
| Semiconductors & Semiconductor Equipment — 0.7%                         |              |            |
| Freescale Semiconductor, Inc., Extended Term Loan B,<br>4.44%, 12/01/16 | 440          | 400,216    |
| Microsemi Corp., Term Loan B, 4.00%, 11/02/17                           | 498          | 474,700    |
|   |              | 874,916    |
| Software — 0.6%   |              |            |
| Rovi Corp., Tranche B Term Loan, 4.00%, 2/07/18                         | 449          | 431,670    |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                            | 308          | 293,413    |
|   |              | 725,083    |
| Specialty Retail — 4.8%   |              |            |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                 | 800          | 759,400    |
| Burlington Coat Factory Warehouse Corp., Term Loan B,<br>6.25%, 2/23/17 | 444          | 418,824    |
| General Nutrition Centers, Inc., Term Loan B,<br>4.25%, 3/02/18         | 1,125        | 1,061,719  |
| J. Crew Group, Inc., Term Loan B, 4.75%, 3/07/18                        | 374          | 333,151    |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18                        | 294          | 273,420    |
| Michaels Stores, Inc.:  |              |            |
| Term Loan B-1, 2.50%, 10/31/13  | 334          | 315,942    |
| Term Loan B-2, 4.75%, 7/31/16   | 641          | 603,013    |

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|  |                                |               |
|--|--------------------------------|---------------|
| Petco Animal Supplies, Inc., Term Loan B,<br>4.50%, 11/24/17                       | 1,089                          | 1,023,660     |
| Toys 'R' Us Delaware, Inc., Initial Loan, 6.00%, 9/01/16                           | 911                            | 853,770       |
|  |                                | 5,642,899     |
| <br><b>Wireless Telecommunication Services — 2.0%</b>                              |                                |               |
| Digicel International Finance Ltd., US Term Loan<br>(Non-Rollover), 2.75%, 3/30/12 | 469                            | 462,250       |
| MetroPCS Wireless, Inc., Tranche B-2 Term Loan,<br>4.07%, 11/04/16                 | 769                            | 719,140       |
| Vodafone Americas Finance 2, Inc.:<br>Initial Loan, 6.88%, 8/11/15                 | 803                            | 806,759       |
| Term Loan B, 6.25%, 7/11/16 (d)  | 400                            | 402,000       |
|  |                                | 2,390,149     |
| Total Floating Rate Loan Interests — 117.8%  |                                | 140,020,297   |
|  | <b>Beneficial<br/>Interest</b> |               |
| Other Interests (e)  | (000)                          |               |
| <br><b>Auto Components — 0.7%</b>  |                                |               |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B<br>Membership Interests       | —(f)                           | 869,044       |
| Total Other Interests — 0.7%   |                                | 869,044       |
| Total Long-Term Investments<br>(Cost — \$169,251,866) — 137.6%                     |                                | 163,666,783   |
| <br><b>Short-Term Securities</b>   |                                |               |
|  | <b>Shares</b>                  | <b>Value</b>  |
| BlackRock Liquidity Funds, TempFund, Institutional<br>Class, 0.07% (g)(h)          | 2,230,753                      | \$ 2,230,753  |
| Total Short-Term Securities<br>(Cost — \$2,230,753) — 1.9%                         |                                | 2,230,753     |
| Total Investments (Cost — \$171,482,619*) — 139.5%                                 |                                | 165,897,536   |
| Liabilities in Excess of Other Assets — (39.5)%                                    |                                | (47,000,641)  |
| Net Assets — 100.0%  |                                | \$118,896,895 |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$171,460,615  |
| Gross unrealized appreciation | \$ 1,938,490   |
| Gross unrealized depreciation | (7,501,569)    |
| Net unrealized depreciation   | \$ (5,563,079) |

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933.

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These securities may be resold in transactions exempt from registration to qualified institutional investors.

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

(c) Non-income producing security.

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

(e) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

(f) Amount is less than \$500.

(g) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at<br>August 31, 2010 | Net<br>Activity | Shares Held at<br>August 31, 2011 | Income |
|--|-----------------------------------|-----------------|-----------------------------------|--------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 1,172,197                         | 1,058,556       | 2,230,753                         | \$ 28  |

(h) 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 rating group indexes, and/or as defined by Fund management.

These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

•Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency<br>Purchased |           | Currency<br>Sold |           | Counterparty                  | Settlement<br>Date | Unrealized<br>Appreciation<br>(Depreciation) |
|-----------------------|-----------|------------------|-----------|-------------------------------|--------------------|--|
| USD                   | 1,136,235 | CAD              | 1,123,500 | Citibank NA                   | 10/07/11           | \$ (10,054)                                  |
| USD                   | 257,571   | GBP              | 160,000   | Citibank NA                   | 10/07/11           | (2,056)                                      |
| USD                   | 449,835   | GBP              | 276,000   | Citibank NA                   | 10/07/11           | 1,979  |
| USD                   | 671,104   | GBP              | 420,000   | Royal Bank<br>of Scotland Plc | 10/07/11           | (10,417)                                     |
| CAD                   | 1,000,000 | USD              | 1,017,246 | Citibank NA                   | 10/07/11           | 3,037  |
| USD                   | 5,226,079 | EUR              | 3,645,500 | Citibank NA                   | 10/26/11           | (7,246)                                      |
| USD                   | 230,818   | EUR              | 160,000   | USB AG                        | 10/26/11           | 1,129  |
| USD                   | 472,174   | EUR              | 330,000   | Morgan Stanley<br>Capital SE  | 10/26/11           | (1,560)                                      |
| USD                   | 85,410    | EUR              | 60,000    | Citibank NA                   | 10/26/11           | (723)  |
| Total                 |           |                  |           |                               |                    | \$ (25,911)                                  |

See Notes to Financial Statements.



BlackRock Defined Opportunity Credit Trust (BHL)  
**Schedule of Investments (concluded)**

•Fair Value Measurements — Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

- Level 1 — price quotations in active markets/exchanges for identical assets and liabilities
- Level 2 — other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1    | Level 2 | Level 3      | Total        |             |
|------------------|------------|---------|--------------|--------------|-------------|
| Assets:          |            |         |              |              |             |
| Investments:     |            |         |              |              |             |
| Long-Term        |            |         |              |              |             |
| Investments:     |            |         |              |              |             |
| Asset-Backed     |            |         |              |              |             |
| Securities       |            | —       | \$ 1,172,800 | \$ 2,378,561 | \$3,551,361 |
| Common Stocks    | \$ 201,468 |         | 208,456      | 106,534      | 516,458     |
| Corporate Bonds  |            | —       | 18,709,623   | —            | 18,709,623  |
| Floating Rate    |            |         |              |              |             |
| Loan Interests   |            | —       | 129,198,106  | 10,822,191   | 140,020,297 |
| Other Interests  |            | —       | 869,044      | —            | 869,044     |
| Short-Term       |            |         |              |              |             |
| Securities:      | 2,230,753  |         | —            | —            | 2,230,753   |
| Liabilities:     |            |         |              |              |             |
| Unfunded Loan    |            |         |              |              |             |
| Commitments      |            | —       | (38,703)     | —            | (38,703)    |

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Total \$ 2,432,221 \$ 150,119,326 \$ 13,307,286 165,858,833

| Valuation Inputs                              | Level 1 | Level 2     | Level 3 | Total       |
|---|---------|-------------|---------|-------------|
| Derivative Financial Instruments <sup>1</sup> |         |             |         |             |
| Assets:                                       |         |             |         |             |
| Foreign currency exchange contracts           |         |             |         |             |
|   | —       | \$6,145     | —       | \$ 6,145    |
| Liabilities:                                  |         |             |         |             |
| Foreign currency exchange contracts           |         |             |         |             |
|   | —       | (32,056)    | —       | (32,056)    |
| Total   | —       | \$ (25,911) | —       | \$ (25,911) |

<sup>1</sup> Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed Securities | Common Stocks | Corporate Floating Rate Bonds | Loan Interests | Unfunded Loan Commitments | Total                    |
|---|-------------------------|---------------|-------------------------------|----------------|---------------------------|--------------------------|
| Assets/Liabilities:   |                         |               |                               |                |                           |                          |
| Balance, as of August 31, 2010                                  |                         | —             | \$ 270,181                    | \$ 12,664      | \$ 20,437,083             | \$ (46,743) \$20,673,185 |
| Accrued discounts/premiums                                      | \$ 25,212               |               | —                             | 46             | 127,335                   | — 152,593                |
| Net realized gain (loss)  |                         | —             | —                             | 508            | 21,213                    | — 21,721                 |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | (174,879)               | (163,647)     | (295)                         | (46,441)       | 33,657                    | (351,605)                |
| Purchases   | 2,528,228               |               | —                             | —              | 8,140,603                 | — 10,668,831             |
| Sales   |                         | —             | —                             | (12,923)       | (11,269,604)              | —(11,282,527)            |
| Transfers in <sup>3</sup>                                       |                         | —             | —                             | —              | 983,762                   | 13,086 996,848           |
| Transfers out <sup>3</sup>                                      |                         | —             | —                             | —              | (7,571,760)               | — (7,571,760)            |
| Balance, as of August 31, 2011                                  | \$ 2,378,561            | \$ 106,534    |                               | —              | \$10,822,191              | —\$13,307,286            |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(629,494).

<sup>3</sup> The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets.

See Notes to Financial Statements.



BlackRock Diversified Income Strategies Fund, Inc. (DVF)

## Schedule of Investments August 31, 2011

(Percentages shown are based on Net Assets)

|  | Par<br>(000)  | Value            |
|--|---------------|------------------|
| <b>Asset-Backed Securities</b>   |               |                  |
| ARES CLO Funds, Series 2005-10A, Class B,<br>0.64%, 9/18/17 (a)(b)           | USD 250       | \$ 222,767       |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B,<br>0.73%, 6/19/21 (a)(b)   | 365           | 292,858          |
| Chatham Light CLO Ltd., Series 2005-2A, Class A2,<br>0.66%, 8/03/19 (a)(b)   | 850           | 762,875          |
| Flagship CLO, Series 2006-1A, Class B,<br>0.60%, 9/20/19 (a)(b)              | 1,000         | 807,500          |
| Fraser Sullivan CLO Ltd., Series 2006-2A, Class B,<br>0.65%, 12/20/20 (a)(b) | 500           | 400,000          |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2,<br>0.61%, 10/27/20 (b)      | 280           | 209,300          |
| Landmark CDO Ltd., Series 2006-8A, Class B,<br>0.61%, 10/19/20 (a)(b)        | 525           | 429,823          |
| MAPS CLO Fund LLC, Series 2005-1A, Class C,<br>1.20%, 12/21/17 (a)(b)        | 275           | 243,622          |
| Portola CLO Ltd., Series 2007-1X, Class B1,<br>1.74%, 11/15/21 (b)           | 370           | 329,818          |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B,<br>0.85%, 7/15/19 (a)(b)   | 320           | 285,824          |
| <b>Total Asset-Backed Securities — 3.2%</b>                                  |               | <b>3,984,387</b> |
| <b>Common Stocks</b>   | <b>Shares</b> |                  |
| <b>Capital Markets — 0.1%</b>  |               |                  |
| E*Trade Financial Corp.  | 14,300        | 176,748          |
| <b>Chemicals — 0.0%</b>  |               |                  |
| Wellman Holdings, Inc.   | 272           | 884              |
| Wellman Holdings, Inc. (acquired 1/30/09,<br>cost \$313) (d)                 | 1,341         | 4,358            |
|  |               | 5,242            |
| <b>Diversified Financial Services — 1.3%</b>                                 |               |                  |
| Kcad Holdings I Ltd.   | 142,194,803   | 1,604,953        |
| <b>Electrical Equipment — 0.0%</b>   |               |                  |
| Medis Technologies Ltd.  | 176,126       | 1,937            |
| <b>Hotels, Restaurants &amp; Leisure — 0.0%</b>                              |               |                  |



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|   |         |            |
|---|---------|------------|
| Buffets Restaurants Holdings, Inc.                | 688     | 1,720      |
| <b>Metals &amp; Mining — 0.1%</b>                 |         |            |
| Euramax International                             | 468     | 130,900    |
| <b>Paper &amp; Forest Products — 0.5%</b>         |         |            |
| Ainsworth Lumber Co. Ltd.                         | 300,167 | 613,024    |
| <b>Software — 0.1%</b>                            |         |            |
| Bankruptcy Management Solutions, Inc.             | 536     | 3          |
| HMH Holdings/EduMedia                             | 45,526  | 91,052     |
|   |         | 91,055     |
| Total Common Stocks — 2.1%                        |         | 2,625,579  |
|   | Par     |            |
| Corporate Bonds                                   | (000)   |            |
| <b>Airlines — 0.4%</b>                            |         |            |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16  | USD 209 | 213,942    |
| United Air Lines, Inc., 12.75%, 7/15/12           | 295     | 307,882    |
|   |         | 521,824    |
| <b>Auto Components — 0.9%</b>                     |         |            |
| Icahn Enterprises LP, 7.75%, 1/15/16              | 1,065   | 1,075,650  |
| <b>Capital Markets — 0.1%</b>                     |         |            |
| E*Trade Financial Corp., 3.95%, 8/31/19 (a)(e)(f) | 83      | 99,185     |
| KKR Group Finance Co., 6.38%, 9/29/20 (a)         | 80      | 85,116     |
|   |         | 184,301    |
|   | Par     |            |
| Corporate Bonds                                   | (000)   | Value      |
| <b>Chemicals — 1.6%</b>                           |         |            |
| CF Industries, Inc., 6.88%, 5/01/18               | USD 445 | \$ 504,519 |
| Wellman Holdings, Inc., Subordinate Note (e):     |         |            |
| (Second Lien), 10.00%, 1/29/19                    | 894     | 1,242,660  |
| (Third Lien), 5.00%, 1/29/19 (g)                  | 308     | 218,938    |
|   |         | 1,966,117  |
| <b>Commercial Banks — 1.1%</b>                    |         |            |
| CIT Group, Inc.:                                  |         |            |
| 7.00%, 5/01/14                                    | 22      | 22,418     |
| 7.00%, 5/01/15                                    | 170     | 169,150    |
| 7.00%, 5/01/16                                    | 120     | 119,400    |
| 7.00%, 5/01/17                                    | 888     | 876,900    |
| 7.00%, 5/02/17 (a)                                | 140     | 138,250    |
| Glitnir Banki HF, 6.38%, 9/25/12 (a)(c)(h)        | 365     | —          |
|   |         | 1,326,118  |

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### Commercial Services & Supplies — 0.6%

|  |     |         |
|--|-----|---------|
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a)    | 480 | 463,015 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 260 | 245,050 |
|  |     | 708,065 |

### Consumer Finance — 0.3%

|   |     |         |
|---|-----|---------|
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a) | 350 | 364,000 |
|---|-----|---------|

### Containers & Packaging — 0.4%

|   |         |         |
|---|---------|---------|
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | 105     | 114,187 |
| Smurfit Kappa Acquisitions (a):                       |         |         |
| 7.25%, 11/15/17                                       | EUR 160 | 220,647 |
| 7.75%, 11/15/19                                       | 135     | 185,201 |
|   |         | 520,035 |

### Diversified Financial Services — 1.9%

#### Ally Financial, Inc.:

|   |         |           |
|---|---------|-----------|
| 6.88%, 9/15/11                                      | USD 150 | 150,000   |
| 7.50%, 12/31/13                                     | 20      | 20,600    |
| 2.45%, 12/01/14 (b)                                 | 750     | 702,830   |
| 8.00%, 3/15/20                                      | 20      | 20,200    |
| 7.50%, 9/15/20                                      | 160     | 157,200   |
| 8.00%, 11/01/31                                     | 210     | 203,563   |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16  | 80      | 83,400    |
| Reynolds Group DL Escrow, Inc., 8.50%, 10/15/16 (a) | 300     | 306,750   |
| Reynolds Group Issuer, Inc. (a):                    |         |           |
| 8.75%, 10/15/16                                     | EUR 200 | 278,681   |
| 7.13%, 4/15/19                                      | USD 260 | 246,350   |
| 7.88%, 8/15/19                                      | 100     | 99,000    |
| 6.88%, 2/15/21                                      | 195     | 181,350   |
|   |         | 2,449,924 |

### Diversified Telecommunication Services — 0.4%

|   |     |         |
|---|-----|---------|
| ITC Deltacom, Inc., 10.50%, 4/01/16                 | 180 | 184,500 |
| Qwest Communications International, Inc., Series B, |     |         |
| 7.50%, 2/15/14                                      | 347 | 351,338 |
|   |     | 535,838 |

### Electronic Equipment, Instruments & Components — 0.2%

|                              |     |         |
|------------------------------|-----|---------|
| CDW LLC, 8.00%, 12/15/18 (a) | 190 | 188,100 |
|------------------------------|-----|---------|

### Health Care Providers & Services — 1.2%

#### HCA, Inc.:

|                |     |           |
|----------------|-----|-----------|
| 6.50%, 2/15/20 | 565 | 571,356   |
| 7.25%, 9/15/20 | 235 | 241,463   |
| 7.50%, 2/15/22 | 660 | 653,400   |
|                |     | 1,466,219 |

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Health Care Technology — 0.6%

|                                       |     |         |
|---------------------------------------|-----|---------|
| IMS Health, Inc., 12.50%, 3/01/18 (a) | 700 | 805,000 |
|---------------------------------------|-----|---------|

Hotels, Restaurants & Leisure — 1.0%

|   |     |         |
|---|-----|---------|
| Little Traverse Bay Bands of Odawa Indians,<br>9.00%, 8/31/20 (a) | 192 | 159,360 |
| MGM Resorts International, 11.13%, 11/15/17                       | 390 | 434,850 |

See Notes to Financial Statements.

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BlackRock Diversified Income Strategies Fund, Inc. (DVF)

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Corporate Bonds                                     |              |            |
| Hotels, Restaurants & Leisure (concluded)           |              |            |
| Travelport LLC:                                     |              |            |
| 4.88%, 9/01/14 (b)                                  | USD 665      | \$ 507,062 |
| 9.88%, 9/01/14                                      | 145          | 123,613    |
| Tropicana Entertainment LLC, Series WI,             |              |            |
| 9.63%, 12/15/14 (c)(h)                              | 120          | 12         |
|   |              | 1,224,897  |
| Household Durables — 0.4%                           |              |            |
| Beazer Homes USA, Inc., 12.00%, 10/15/17            | 500          | 507,500    |
| IT Services — 0.3%                                  |              |            |
| First Data Corp., 7.38%, 6/15/19 (a)                | 390          | 366,600    |
| Independent Power Producers & Energy Traders — 1.4% |              |            |
| Energy Future Holdings Corp., 10.00%, 1/15/20       | 400          | 401,549    |
| Energy Future Intermediate Holding Co. LLC,         |              |            |
| 10.00%, 12/01/20                                    | 1,325        | 1,336,754  |
|   |              | 1,738,303  |
| Industrial Conglomerates — 0.6%                     |              |            |
| Sequa Corp., 13.50%, 12/01/15 (a)                   | 722          | 764,863    |
| Media — 2.8%  |              |            |
| AMC Networks, Inc., 7.75%, 7/15/21 (a)              | 110          | 113,850    |
| CCH II LLC, 13.50%, 11/30/16                        | 500          | 577,500    |
| CSC Holdings, Inc., 8.50%, 4/15/14                  | 180          | 194,850    |
| Cengage Learning Acquisitions, Inc.,                |              |            |
| 10.50%, 1/15/15 (a)                                 | 315          | 242,550    |
| Checkout Holding Corp., 10.69%, 11/15/15 (a)(f)     | 325          | 191,750    |
| Clear Channel Worldwide Holdings, Inc., Series B,   |              |            |
| 9.25%, 12/15/17                                     | 884          | 945,880    |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a) | 300          | 303,000    |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC            |              |            |
| Germany GmbH), 8.13%, 12/01/17 (a)                  | 1,000        | 1,020,000  |
|   |              | 3,589,380  |
| Metals & Mining — 0.6%                              |              |            |
| FMG Resources August 2006 Property Ltd.,            |              |            |
| 7.00%, 11/01/15 (a)                                 | 320          | 319,200    |

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|   |         |            |
|---|---------|------------|
| Novelis, Inc., 8.38%, 12/15/17                                | 455     | 469,787    |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(h)                      | 1,390   | 70         |
|   |         | 789,057    |
| <b>Multiline Retail — 0.2%</b>                                |         |            |
| Dollar General Corp., 11.88%, 7/15/17 (g)                     | 215     | 238,113    |
| <b>Oil, Gas &amp; Consumable Fuels — 0.5%</b>                 |         |            |
| Alpha Natural Resources, Inc.:                                |         |            |
| 6.00%, 6/01/19  | 135     | 131,962    |
| 6.25%, 6/01/21  | 365     | 357,244    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                 | 135     | 143,100    |
|   |         | 632,306    |
| <b>Paper &amp; Forest Products — 0.9%</b>                     |         |            |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(g)             | 738     | 516,947    |
| Clearwater Paper Corp., 10.63%, 6/15/16                       | 190     | 208,050    |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a) | 165     | 163,350    |
| Verso Paper Holdings LLC:                                     |         |            |
| 11.50%, 7/01/14   | 144     | 152,640    |
| Series B, 4.00%, 8/01/14 (b)                                  | 170     | 139,400    |
|   |         | 1,180,387  |
| <b>Pharmaceuticals — 0.3%</b>                                 |         |            |
| Valeant Pharmaceuticals International,<br>6.50%, 7/15/16 (a)  |         |            |
|   | 460     | 437,000    |
| <b>Professional Services — 0.1%</b>                           |         |            |
| FTI Consulting, Inc., 6.75%, 10/01/20                         | 85      | 83,831     |
|   |         |            |
|   | Par     |            |
| Corporate Bonds   | (000)   | Value      |
| <b>Wireless Telecommunication Services — 1.4%</b>             |         |            |
| Cricket Communications, Inc., 7.75%, 5/15/16                  | USD 850 | \$ 860,625 |
| Digicel Group Ltd. (a):                                       |         |            |
| 9.13%, 1/15/15  | 279     | 279,000    |
| 8.25%, 9/01/17  | 255     | 255,000    |
| iPCS, Inc., 2.38%, 5/01/13 (b)                                | 200     | 185,500    |
| Nextel Communications, Inc., Series E,<br>6.88%, 10/31/13     | 225     | 223,594    |
|   |         | 1,803,719  |
| Total Corporate Bonds — 20.2%                                 |         | 25,467,147 |
| Floating Rate Loan Interests (b)                              |         |            |
| <b>Aerospace &amp; Defense — 1.6%</b>                         |         |            |

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|  |         |           |
|--|---------|-----------|
| DynCorp International LLC, Term Loan B, 6.25%, 7/05/16   | 401     | 382,308   |
| SI Organization, Inc., New Term Loan B, 4.50%, 11/22/16  | 420     | 377,662   |
| TransDigm, Inc., Term Loan (First Lien), 4.00%, 2/14/17  | 896     | 859,680   |
| Wesco Aircraft Hardware Corp., Term Loan B,<br>4.25%, 4/07/17                                  | 466     | 449,996   |
|  |         | 2,069,646 |
| <br><b>Airlines — 0.8%</b>   |         |           |
| Delta Air Lines, Inc., Credit New Term Loan B,<br>5.50%, 4/20/17                               | 1,150   | 1,059,921 |
| <br><b>Auto Components — 2.5%</b>  |         |           |
| Allison Transmission, Inc., Term Loan, 2.96%, 8/07/14  | 1,772   | 1,661,583 |
| Autoparts Holdings, Ltd., First Lien Term Loan,<br>6.50%, 7/28/17                              | 700     | 686,000   |
| Federal-Mogul Corp.:<br>Term Loan B, 2.16%, 12/29/14   | 315     | 285,076   |
| Term Loan C, 2.15%, 12/28/15   | 160     | 145,347   |
| UCI International, Inc., Term Loan, 5.50%, 7/26/17   | 348     | 338,238   |
|  |         | 3,116,244 |
| <br><b>Biotechnology — 0.3%</b>  |         |           |
| Grifols SA, Term Loan B, 6.00%, 6/01/17  | 420     | 409,920   |
| <br><b>Building Products — 3.1%</b>  |         |           |
| Armstrong World Industries, Inc., Term Loan B,<br>4.00%, 3/09/18                               | 574     | 538,432   |
| CPG International I, Inc., Term Loan B, 6.00%, 2/18/17   | 846     | 790,776   |
| Goodman Global, Inc., Initial Term Loan (First Lien),<br>5.75%, 10/28/16                       | 2,154   | 2,117,449 |
| Momentive Performance Materials (Blitz 06-103 GmbH),<br>Tranche B-2B Term Loan, 4.79%, 5/05/15 | EUR 317 | 408,060   |
|  |         | 3,854,717 |
| <br><b>Capital Markets — 1.9%</b>  |         |           |
| American Capital Ltd., Term Loan B, 7.50%, 12/31/13  | USD 261 | 253,870   |
| HarbourVest Partners, Term Loan (First Lien),<br>6.25%, 12/14/16                               | 906     | 878,829   |
| Nuveen Investments, Inc.:<br>Extended Term Loan (First Lien),<br>5.75% – 5.81%, 5/12/17        | 862     | 805,455   |
| Non-Extended Term Loan (First Lien),<br>3.25%, 11/13/14  | 438     | 404,767   |
|  |         | 2,342,921 |
| <br><b>Chemicals — 5.8%</b>  |         |           |
| American Rock Salt Holdings LLC, Term Loan,  |         |           |

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|  |     |         |
|--|-----|---------|
| 5.50%, 4/25/17   | 608 | 583,375 |
| Arizona Chemical Co., LLC, New Term Loan B,<br>4.75%, 11/21/16 | 172 | 165,448 |
| Ashland, Inc., Term Loan B, 3.75%, 7/30/18                     | 550 | 537,724 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16               | 700 | 684,831 |
| Gentek, Inc., Term Loan B, 5.00% – 5.75%, 10/06/15             | 721 | 673,031 |

See Notes to Financial Statements.

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BlackRock Diversified Income Strategies Fund, Inc. (DVF)

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Floating Rate Loan Interests (b)   |              |            |
| <b>Chemicals (concluded)</b>   |              |            |
| MDI Holdings, LLC (FKA MacDermid, Inc.), Tranche C   |              |            |
| Term Loan, 3.54%, 4/11/14  | EUR 220      | \$ 301,141 |
| Nexeo Solutions, LLC, Term Loan B, 5.00%, 9/08/17  | USD 599      | 551,117    |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term  |              |            |
| Loan (First Lien), 3.48% – 3.51%, 7/30/14  | 627          | 572,763    |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17   | 885          | 812,660    |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 10/15/15  | 1,323        | 1,308,462  |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17  | 1,294        | 1,193,577  |
|  |              | 7,384,129  |
| <b>Commercial Services &amp; Supplies — 3.5%</b>   |              |            |
| ARAMARK Corp.:   |              |            |
| Letter of Credit — 1 Facility, 2.06%, 1/27/14  | 7            | 6,533      |
| Letter of Credit — 2 Facility, 3.44%, 7/26/16  | 10           | 9,106      |
| US Term Loan, 2.12%, 1/27/14   | 86           | 81,092     |
| US Term Loan B, 3.50%, 7/26/16   | 148          | 138,470    |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                   | 301          | 289,545    |
| Adesa Inc. (KAR Holdings, Inc.), Initial Term Loan B,<br>5.00%, 5/19/17                        | 1,250        | 1,187,500  |
| Altegrity, Inc. (FKA US Investigations Services, Inc.),<br>Tranche D Term Loan, 7.75%, 2/20/15 | 790          | 768,850    |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16  | 925          | 918,830    |
| Synagro Technologies, Inc., Term Loan (First Lien),<br>2.21% – 2.23%, 4/02/14                  | 639          | 554,829    |
| Volume Services America, Inc. (Centerplate),<br>Term Loan B, 10.50% – 10.75%, 9/16/16          | 496          | 474,747    |
|  |              | 4,429,502  |
| <b>Communications Equipment — 1.7%</b>   |              |            |
| Avaya, Inc.:   |              |            |
| Term Loan B, 3.06%, 10/24/14   | 485          | 431,512    |
| Term Loan B-3, 4.81%, 10/26/17   | 910          | 783,586    |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18   | 998          | 957,600    |
|  |              | 2,172,698  |



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### Construction & Engineering — 1.0%

|  |     |           |
|--|-----|-----------|
| BakerCorp., Inc., Term Loan B, 5.00%, 6/01/18                    | 435 | 413,250   |
| Safway Services, LLC, First Out Tranche Loan,<br>9.00%, 12/16/17 | 800 | 800,000   |
|  |     | 1,213,250 |

### Consumer Finance — 1.9%

|   |       |           |
|---|-------|-----------|
| Springleaf Financial Funding Co. (FKA AGFS<br>Funding Co.), Term Loan, 5.50%, 5/10/17 | 2,600 | 2,408,250 |
|---|-------|-----------|

### Containers & Packaging — 0.7%

|   |     |         |
|---|-----|---------|
| Anchor Glass Container Corp., Term Loan (First Lien),<br>6.00%, 3/02/16 | 135 | 132,695 |
| Graham Packaging Co., LP, Term Loan D,<br>6.00%, 9/23/16                | 794 | 786,060 |
|   |     | 918,755 |

### Diversified Consumer Services — 3.2%

|   |       |           |
|---|-------|-----------|
| Coinmach Service Corp., Term Loan,<br>3.22% – 3.30%, 11/20/14 | 1,343 | 1,168,045 |
| Laureate Education, Extended Term Loan,<br>5.25%, 8/15/18     | 2,113 | 1,866,409 |
| ServiceMaster Co.:  |       |           |
| Closing Date Term Loan, 2.69% – 2.76%, 7/24/14                | 1,037 | 958,101   |
| Delayed Draw Term Loan, 2.72%, 7/24/14                        | 103   | 95,413    |
|   |       | 4,087,968 |

### Diversified Financial Services — 0.4%

|   |     |         |
|---|-----|---------|
| Reynolds Group Holdings, Inc., Term Loan E,<br>6.50%, 2/09/18 | 574 | 547,035 |
|---|-----|---------|

### Diversified Telecommunication Services — 4.9%

|   |       |           |
|---|-------|-----------|
| Hawaiian Telcom Communications, Inc., Term Loan,<br>9.00%, 11/01/15 (g) | 1,366 | 1,363,925 |
|---|-------|-----------|

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Floating Rate Loan Interests (b)                             |              |            |
| <b>Diversified Telecommunication Services (concluded)</b>    |              |            |
| Integra Telecom Holdings, Inc., Term Loan,<br>9.25%, 4/15/15 | USD 817      | \$ 768,766 |
| Level 3 Financing, Inc.:                                     |              |            |
| Incremental Tranche A Term Loan,<br>2.49% – 2.50%, 3/13/14   | 1,175        | 1,085,700  |
| Term Loan B, 11.50%, 3/13/14                                 | 575          | 597,523    |
| Term Loan B2, 2.49%, 9/03/18                                 | 1,700        | 1,602,250  |

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|   |         |           |
|---|---------|-----------|
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                                       | 748     | 720,256   |
|   |         | 6,138,420 |
| <br><b>Electronic Equipment, Instruments &amp; Components — 2.2%</b>                    |         |           |
| Aeroflex Inc., Term Loan B, 4.25%, 5/09/18  | 725     | 671,227   |
| CDW LLC (FKA CDW Corp.):  |         |           |
| Extended Term Loan B, 4.25%, 7/14/17  | 494     | 448,682   |
| Non-Extended Term Loan, 3.71%, 10/10/14   | 663     | 623,385   |
| Flextronics International Ltd., Delayed Draw:   |         |           |
| Term Loan A-2, 2.47%, 10/01/14  | 24      | 22,648    |
| Term Loan A-3, 2.44%, 10/01/14  | 21      | 19,413    |
| Sensata Technologies Finance Company, LLC, New Term<br>Loan, 4.00%, 5/11/18             | 1,000   | 961,250   |
|   |         | 2,746,605 |
| <br><b>Energy Equipment &amp; Services — 2.5%</b>                                       |         |           |
| CCS Corp., Tranche B Term Loan, 3.25%, 11/14/14   | 801     | 709,989   |
| Dynegy Holdings, Inc.:  |         |           |
| Coal Co. Term Loan, 9.25%, 8/04/16  | 336     | 324,197   |
| Gas Co. Term Loan, 9.25%, 8/04/16   | 614     | 603,583   |
| MEG Energy Corp., Tranche D Term Loan,<br>4.00%, 3/16/18                                | 1,600   | 1,530,000 |
|   |         | 3,167,769 |
| <br><b>Food &amp; Staples Retailing — 1.9%</b>  |         |           |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots),<br>Facility B1, 3.61%, 7/09/15    | GBP 750 | 1,046,749 |
| Bolthouse Farms, Inc., Term Loan (First Lien),<br>5.50% – 5.75%, 2/11/16                | USD 259 | 252,142   |
| US Foodservice, Inc.:   |         |           |
| New Term Loan B, 5.75%, 3/31/17   | 299     | 278,302   |
| Term Loan B, 2.71% – 2.72%, 7/03/14   | 879     | 786,453   |
|   |         | 2,363,646 |
| <br><b>Food Products — 4.1%</b>   |         |           |
| Advance Pierre Foods, Term Loan (Second Lien):  |         |           |
| 7.00%, 9/30/16  | 923     | 892,611   |
| 11.25%, 9/29/17   | 500     | 490,000   |
| Del Monte Corp., Term Loan B, 4.50%, 3/08/18  | 2,495   | 2,351,537 |
| Michaels Foods Group, Inc. (FKA M-Foods Holdings, Inc.),<br>Term Loan B, 4.25%, 2/23/18 | 111     | 106,016   |
| Pinnacle Foods Finance LLC, Tranche D Term Loan,<br>6.00%, 4/02/14                      | 581     | 573,075   |
| Solvest, Ltd. (Dole):   |         |           |
| Tranche B-1 Term Loan, 5.00% – 6.00%, 7/06/18   | 291     | 279,752   |

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|  |     |           |
|--|-----|-----------|
| Tranche C-1 Term Loan, 5.00% – 6.00%, 7/06/18                                    | 540 | 519,539   |
|  |     | 5,212,530 |
| <br><b>Health Care Equipment &amp; Supplies — 2.0%</b>                           |     |           |
| Biomet, Inc., Dollar Term Loan, 3.22% – 3.25%, 3/25/15                           | 195 | 185,055   |
| Capsugel Healthcare Ltd., Term Loan, 5.25%, 8/01/18                              | 700 | 676,200   |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.22%, 5/20/14 | 446 | 415,862   |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                                  | 777 | 716,624   |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                                       | 525 | 506,300   |
|  |     | 2,500,041 |
| <br><b>Health Care Providers &amp; Services — 5.0%</b>                           |     |           |
| CHS/Community Health Systems, Inc.:  |     |           |
| Delayed Draw Term Loan, 2.47% – 2.57%, 7/25/14                                   | 33  | 30,506    |
| Extended Term Loan B, 3.72% – 3.82%, 1/25/17                                     | 85  | 77,669    |
| Non Extended Term Loan, 2.47% – 2.57%, 7/25/14                                   | 638 | 591,361   |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/22/16                                | 597 | 563,168   |
| DaVita, Inc., Tranche B Term Loan, 4.50%, 10/20/16                               | 796 | 772,120   |

See Notes to Financial Statements.

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BlackRock Diversified Income Strategies Fund, Inc. (DVF)

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Floating Rate Loan Interests (b)   |              |            |
| Health Care Providers & Services (concluded)   |              |            |
| Emergency Medical Services, Term Loan,<br>5.25%, 5/25/18   | USD 953      | \$ 881,062 |
| HCA, Inc.:   |              |            |
| Tranche B-1 Term Loan, 3.50%, 5/01/18  | 104          | 97,175     |
| Tranche B-2 Term Loan, 3.50%, 3/31/17  | 57           | 53,398     |
| Harden Healthcare, Inc.:   |              |            |
| Tranche A Additional Term Loan, 7.75%, 3/02/15   | 552          | 540,822    |
| Tranche A Term Loan, 8.50%, 3/02/15  | 346          | 339,127    |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.):  |              |            |
| Incremental Term Loan B3, 6.75%, 5/15/18   | 500          | 470,000    |
| Term Loan B, 6.50%, 8/04/16  | 810          | 764,225    |
| Medpace, Inc., Term Loan, 6.50%, 6/22/17   | 600          | 570,000    |
| Renal Advantage Holdings, Inc., Tranche B Term Loan,<br>5.75%, 12/16/16                              | 597          | 584,564    |
|  |              | 6,335,197  |
| Health Care Technology — 0.7%  |              |            |
| IMS Health, Inc., Tranche B Dollar Term Loan,<br>4.50%, 8/25/17                                      | 586          | 562,490    |
| MedAssets, Inc., Term Loan B, 5.25%, 11/16/16  | 397          | 375,589    |
|  |              | 938,079    |
| Hotels, Restaurants & Leisure — 7.2%   |              |            |
| Ameristar Casinos, Inc., Term Loan B, 4.00%, 4/13/18   | 748          | 718,200    |
| Caesars Entertainment Operating Co., Inc.:   |              |            |
| Term Loan B-2, 3.22% – 3.25%, 1/28/15  | 155          | 133,542    |
| Term Loan B-3, 3.25%, 1/28/15  | 2,771        | 2,385,718  |
| Term Loan B-4, 9.50%, 10/31/16   | 383          | 382,259    |
| Dunkin' Brands, Inc., New Term Loan B,<br>4.00%, 11/23/17  | 1,049        | 1,007,823  |
| Golden Living, Term Loan, 5.00%, 5/04/18   | 840          | 745,500    |
| Penn National Gaming, Inc., Term Loan B,<br>3.75%, 7/16/18   | 150          | 145,875    |
| SeaWorld Parks & Entertainment, Inc. (FKA SW<br>Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17 | 860          | 830,207    |

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|  |       |            |
|--|-------|------------|
| Six Flags Theme Parks, Inc., Tranche B Term Loan<br>(First Lien), 5.25%, 6/30/16                   | 745   | 726,344    |
| Twin River Worldwide Holdings, Inc., Term Loan,<br>8.50%, 11/05/15                                 | 388   | 385,007    |
| VML US Finance LLC (FKA Venetian Macau):<br>New Project Term Loan, 4.73%, 5/27/13                  | 294   | 290,532    |
| Term B Delayed Draw Project Loan, 4.73%, 5/25/12   | 374   | 370,361    |
| Term B Funded Project Loan, 4.73%, 5/27/13   | 986   | 973,205    |
|  |       | 9,094,573  |
| <br><b>Household Durables — 0.0%</b>   |       |            |
| Visant Corp. (FKA Jostens), Term Loan B,<br>5.25%, 12/22/16  | 20    | 17,819     |
| <br><b>IT Services — 4.7%</b>  |       |            |
| Ceridian Corp., US Term Loan, 3.22%, 11/10/14  | 1,025 | 876,157    |
| First Data Corp.:<br>Initial Tranche B-1 Term Loan, 2.97%, 9/24/14                                 | 112   | 98,815     |
| Initial Tranche B-2 Term Loan, 4.22%, 3/23/18  | 3,174 | 2,657,585  |
| Initial Tranche B-3 Term Loan, 2.97%, 9/24/14  | 80    | 69,879     |
| infoGROUP, Inc., Term Loan, 5.75%, 5/22/18   | 346   | 317,152    |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17  | 553   | 523,055    |
| TransUnion LLC, Replacement Term Loan, 4.75%, 2/12/18  | 1,465 | 1,389,093  |
|  |       | 5,931,736  |
| <br><b>Independent Power Producers &amp; Energy Traders — 3.7%</b>                                 |       |            |
| The AES Corp., Term Loan B, 4.25%, 6/01/18   | 998   | 958,099    |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18   | 1,845 | 1,700,523  |
| Texas Competitive Electric Holdings Co., LLC (TXU),<br>Extended Term Loan, 4.71% – 4.77%, 10/10/17 | 2,704 | 1,985,014  |
|  |       | 4,643,636  |
| <br><b>Industrial Conglomerates — 1.2%</b>   |       |            |
| Sequa Corp., Term Loan, 3.50% – 3.51%, 12/03/14  | 1,597 | 1,491,503  |
|  |       |            |
|  | Par   |            |
| Floating Rate Loan Interests (b)   | (000) | Value      |
| <br><b>Insurance — 0.8%</b>  |       |            |
| CNO Financial Group, Inc., Term Loan, 6.25%, 9/30/16   | USD   | 988        |
|  |       | \$ 965,870 |
| <br><b>Leisure Equipment &amp; Products — 0.4%</b>   |       |            |
| EB Sports Corp., Loan, 11.50%, 12/31/15  | 502   | 481,948    |
| <br><b>Machinery — 1.8%</b>  |       |            |
| Navistar Financial Corp., Term Loan B, 4.50%, 12/16/12   | 397   | 386,053    |
| Terex Corp.:<br>Term Loan, 6.03%, 4/28/17  | EUR   | 65         |
|  |       | 90,571     |

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|  |     |       |           |
|--|-----|-------|-----------|
| Term Loan B, 5.50%, 4/28/17  | USD | 500   | 490,000   |
| Tomkins Plc, Term Loan B, 4.25%, 9/29/16   |     | 1,366 | 1,314,944 |
|  |     |       | 2,281,568 |
| <br><b>Marine — 0.3%</b>   |     |       |           |
| Horizon Lines, LLC:  |     |       |           |
| Revolving Loan, 0.50% – 6.30%, 8/08/12   |     | 285   | 277,439   |
| Term Loan, 6.25%, 8/08/12  |     | 120   | 115,927   |
|  |     |       | 393,366   |
| <br><b>Media — 18.2%</b>   |     |       |           |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18   |     | 800   | 771,000   |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18  |     | 948   | 893,663   |
| Affinion Group, Inc., Tranche B Term Loan,<br>5.00%, 7/16/15   |     | 765   | 688,645   |
| Atlantic Broadband Finance, LLC, Term Loan B,<br>4.00%, 3/08/16  |     | 472   | 446,170   |
| Bresnan Telecommunications Co. LLC, Term Loan,<br>4.50%, 12/14/17  |     | 1,368 | 1,305,588 |
| Catalina Marketing Corp., Term Loan B,<br>2.97%, 10/01/14  |     | 115   | 105,167   |
| Cengage Learning Acquisitions, Inc. (Thomson Learning):  |     |       |           |
| Term Loan, 2.50%, 7/03/14  |     | 787   | 650,874   |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14  |     | 480   | 458,263   |
| Charter Communications Operating, LLC:   |     |       |           |
| Term Loan B, 7.25%, 3/06/14  |     | 14    | 14,385    |
| Term Loan C, 3.50%, 9/06/16  |     | 1,176 | 1,119,820 |
| Clarke American Corp., Term Facility B,<br>2.72% – 2.75%, 6/30/14  |     | 398   | 330,016   |
| Clear Channel Communications, Inc., Term Loan B,<br>3.87%, 1/28/16   |     | 1,115 | 834,511   |
| Cumulus Media, Inc., Term Loan, 5.75%, 8/30/18   |     | 550   | 514,937   |
| Getty Images, Inc., Initial Term Loan, 5.25%, 11/07/16   |     | 274   | 267,940   |
| Gray Television, Inc., Term Loan B, 3.71%, 12/31/14  |     | 593   | 542,805   |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>6.21%, 6/12/14   |     | 724   | 582,049   |
| Hubbard Broadcasting, Term Loan B (Second Lien),<br>5.25%, 4/28/17   |     | 500   | 475,835   |
| Intelsat Jackson Holdings S.A. (FKA Intelsat Jackson<br>Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 |     | 2,993 | 2,865,319 |
| Interactive Data Corp., New Term Loan B,<br>4.50%, 2/12/18   |     | 1,421 | 1,344,154 |
| Knology, Inc., Term Loan B, 4.00%, 8/18/17   |     | 322   | 304,828   |

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|   |     |       |            |
|---|-----|-------|------------|
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG),<br>Facility B1, 4.20%, 3/06/15                   | EUR | 304   | 338,574    |
| Mediacom Illinois, LLC (FKA Mediacom Communications,<br>LLC), Tranche D Term Loan, 5.50%, 3/31/17 | USD | 714   | 681,854    |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13   |     | 2,000 | 2,065,000  |
| Nielsen Finance LLC, Class B Dollar Term Loan,<br>3.96%, 5/02/16                                  |     | 678   | 637,446    |
| Sinclair Television Group, Inc., New Tranche B Term Loan,<br>4.00%, 10/28/16                      |     | 508   | 499,999    |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment),<br>Term Facility, 5.51%, 6/01/12               |     | 913   | 877,953    |
| UPC Broadband Holding B.V., Term U, 5.44%, 12/31/17 EUR 1,035                                     |     |       | 1,390,520  |
| Univision Communications, Inc., Extended First Lien<br>Term Loan, 4.47%, 3/31/17                  | USD | 864   | 743,407    |
| WC Luxco Sarl, New Term Loan B3, 4.25%, 3/15/18   |     | 219   | 210,536    |
| Weather Channel, Term Loan B, 4.25%, 2/13/17  |     | 1,112 | 1,071,223  |
|   |     |       | 23,032,481 |

See Notes to Financial Statements.

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

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| Floating Rate Loan Interests (b)  |              |              |
| <b>Metals &amp; Mining — 2.8%</b>   |              |              |
| Novelis, Inc., Term Loan, 3.75%, 3/10/17  | USD 1,428    | \$ 1,348,474 |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18   | 450          | 427,500      |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18  | 1,864        | 1,779,893    |
|   |              | 3,555,867    |
| <b>Multi-Utilities — 0.2%</b>   |              |              |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.),<br>Term B Advance (First Lien), 2.75%, 11/01/13 | 200          | 189,478      |
| <b>Multiline Retail — 1.7%</b>  |              |              |
| Dollar General Corp., Tranche B-2 Term Loan,<br>2.96% – 2.97%, 7/07/14                                  | 270          | 262,164      |
| Hema Holding BV, Facility D, 6.43%, 1/05/17   | EUR 1,400    | 1,823,405    |
|   |              | 2,085,569    |
| <b>Oil, Gas &amp; Consumable Fuels — 2.1%</b>   |              |              |
| EquiPower Resources Holdings, LLC, Term Loan B,<br>5.75%, 1/26/18                                       | USD 798      | 765,082      |
| Gibson Energy, Term Loan B, 5.75%, 6/14/18  | 850          | 803,250      |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15  | 1,097        | 1,085,811    |
|   |              | 2,654,143    |
| <b>Pharmaceuticals — 2.5%</b>   |              |              |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17   | 1,045        | 942,364      |
| Endo Pharmaceuticals Holdings, Inc., Term Loan B,<br>4.00%, 6/18/18                                     | 650          | 635,785      |
| Quintiles Transnational Corp., Term Loan,<br>5.00%, 6/08/18   | 690          | 639,975      |
| RPI Finance Trust, Term Loan Tranche 2, 4.00%, 5/09/18  | 500          | 485,000      |
| Warner Chilcott Corp.:  |              |              |
| Term Loan B-1, 4.25%, 3/15/18   | 319          | 305,835      |
| Term Loan B-2, 4.25%, 3/15/18   | 160          | 153,117      |
|   |              | 3,162,076    |
| <b>Professional Services — 0.8%</b>   |              |              |
| Booz Allen Hamilton, Inc., Tranche B Term Loan,<br>4.00%, 8/03/17                                       | 382          | 374,150      |
| Fifth Third Processing Solutions, LLC, Term Loan B  |              |              |



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|   |       |           |
|---|-------|-----------|
| (First Lien), 4.50%, 11/03/16   | 697   | 670,824   |
|   |       | 1,044,974 |
| <b>Real Estate Investment Trusts (REITs) — 0.8%</b>                     |       |           |
| iStar Financial, Inc., Term Loan (Second Lien),<br>5.00%, 6/28/13       | 1,052 | 1,022,425 |
| <b>Real Estate Management &amp; Development — 1.7%</b>                  |       |           |
| Realogy Corp.:  |       |           |
| Delayed Draw Term Loan, 3.30%, 10/10/13                                 | 791   | 698,185   |
| Extended Synthetic Letter of Credit Loan,<br>4.44%, 10/10/16            | 60    | 49,156    |
| Extended Term Loan B, 4.52%, 10/10/16                                   | 1,323 | 1,088,791 |
| Letter of Credit, 3.19%, 10/10/13                                       | 32    | 28,135    |
| Term Loan, 3.27%, 10/10/13  | 253   | 223,377   |
|   |       | 2,087,644 |
| <b>Road &amp; Rail — 0.3%</b>   |       |           |
| The Hertz Corp., Term Loan B, 3.75%, 3/09/18                            | 399   | 378,053   |
| <b>Semiconductors &amp; Semiconductor Equipment — 0.6%</b>              |       |           |
| Freescale Semiconductor, Inc., Extended Term Loan B,<br>4.44%, 12/01/16 | 366   | 332,935   |
| Microsemi Corp., Term Loan B, 4.00%, 11/02/17                           | 498   | 474,700   |
|   |       | 807,635   |
| <b>Software — 0.6%</b>  |       |           |
| Rovi Corp., Tranche B Term Loan, 4.00%, 2/07/18                         | 499   | 479,633   |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                            | 333   | 317,075   |
|   |       | 796,708   |

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Floating Rate Loan Interests (b)  |              |            |
| <b>Specialty Retail — 4.7%</b>  |              |            |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                 | USD 900      | \$ 854,325 |
| Burlington Coat Factory Warehouse Corp., Term Loan B,<br>6.25%, 2/23/17 | 420          | 395,556    |
| General Nutrition Centers, Inc., Term Loan B,<br>4.25%, 3/02/18         | 1,200        | 1,132,500  |
| J. Crew Group, Inc., Term Loan B, 4.75%, 3/07/18                        | 399          | 355,361    |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18                        | 284          | 264,120    |
| Michaels Stores, Inc.:  |              |            |
| Term Loan B-1, 2.50%, 10/31/13  | 223          | 210,269    |
| Term Loan B-2, 4.75%, 7/31/16   | 791          | 743,946    |
| Petco Animal Supplies, Inc., Term Loan B,                               |              |            |

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|   |            |             |
|---|------------|-------------|
| 4.50%, 11/24/17                                       | 1,139      | 1,070,190   |
| Toys 'R' Us Delaware, Inc.:                           |            |             |
| Initial Loan, 6.00%, 9/01/16                          | 817        | 765,680     |
| Term Loan B, 5.25%, 5/25/18                           | 200        | 185,202     |
|   |            | 5,977,149   |
| <b>Wireless Telecommunication Services — 1.6%</b>     |            |             |
| MetroPCS Wireless, Inc.:                              |            |             |
| Term Loan B, 4.00%, 3/16/18                           | 249        | 233,050     |
| Tranche B-2 Term Loan, 4.07%, 11/04/16                | 504        | 470,953     |
| Vodafone Americas Finance 2, Inc.:                    |            |             |
| Initial Loan, 6.88%, 8/11/15                          | 1,070      | 1,075,678   |
| Term Loan B, 6.25%, 7/11/16 (g)                       | 200        | 201,000     |
|   |            | 1,980,681   |
| Total Floating Rate Loan Interests — 110.4%           |            | 139,494,145 |
|   | Beneficial |             |
|   | Interest   |             |
|   | (000)      |             |
| Other Interests (i)                                   |            |             |
| <b>Auto Components — 0.7%</b>                         |            |             |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B  |            |             |
| Membership Interests (c)                              | —(j)       | 925,294     |
| Intermet Liquidating Trust, Class A (c)               | 256        | 2           |
|   |            | 925,296     |
| <b>Diversified Financial Services — 0.5%</b>          |            |             |
| DVF JGW SPV, LLC (J.G. Wentworth LLC Preferred Equity |            |             |
| Interests) (c)(k)                                     | —(j)       | 647,746     |
| <b>Hotels, Restaurants &amp; Leisure — 0.0%</b>       |            |             |
| Buffets, Inc. (c)                                     | 360        | 4           |
| <b>Household Durables — 0.7%</b>                      |            |             |
| DVF (S-Martin) SPV, LLC (Stanley Martin, Class B      |            |             |
| Membership Units) (c)(k)                              | 1          | 845,673     |
| <b>Metals &amp; Mining — 0.8%</b>                     |            |             |
| DVF (R-Gibson) SPV, LLC (RathGibson Acquisition       |            |             |
| Corp.) (k)  | 88         | 1,057,282   |
| Total Other Interests — 2.7%                          |            | 3,476,001   |
| Preferred Securities                                  |            |             |
| Preferred Stocks                                      |            |             |
|   | Shares     |             |
| <b>Diversified Financial Services — 0.0%</b>          |            |             |
| Ally Financial, Inc. (a)                              | 50         | 38,045      |
| Total Preferred Stocks — 0.0%                         |            | 38,045      |
| Trust Preferred                                       |            |             |
| <b>Diversified Financial Services — 0.1%</b>          |            |             |

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|   |       |         |
|---|-------|---------|
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (b)(e) | 3,700 | 78,822  |
| Total Trust Preferred — 0.1%                          |       | 78,822  |
| Total Preferred Securities — 0.1%                     |       | 116,867 |

See Notes to Financial Statements.

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BlackRock Diversified Income Strategies Fund, Inc. (DVF)

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

| Warrants (l)   | Shares | Value         |
|--|--------|---------------|
| <b>Hotels, Restaurants &amp; Leisure — 0.0%</b>  |        |               |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14)   | 304    | \$ 3          |
| <b>Software — 0.0%</b>   |        |               |
| Bankruptcy Management Solutions, Inc.<br>(Expires 9/29/17)   | 357    | 4             |
| HMH Holdings/EduMedia (Expires 3/09/17)  | 4,970  | —             |
|  |        | 4             |
| Total Warrants — 0.0%  |        | 7             |
| <b>Total Long-Term Investments</b>   |        |               |
| (Cost — \$191,367,117) — 138.7%  |        | 175,164,133   |
| <b>Options Purchased</b>   |        |               |
| <b>Over-the-Counter Call Options — 0.0%</b>  |        |               |
| Marsico Parent Superholdco LLC,<br>Strike Price USD 942.86, Expires 12/21/19,<br>Broker Goldman Sachs Bank USA | 13     | —             |
| Total Options Purchased (Cost — \$12,711) — 0.0%   |        | —             |
| Total Investments (Cost — \$191,379,828*) — 138.7%   |        | 175,164,133   |
| Liabilities in Excess of Other Assets — (38.7)%  |        | (48,857,375)  |
| Net Assets — 100.0%  |        | \$126,306,758 |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$189,490,515   |
| Gross unrealized appreciation | \$ 3,190,985    |
| Gross unrealized depreciation | (17,517,367)    |
| Net unrealized depreciation   | \$ (14,326,382) |

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

(c) Non-income producing security.

(d) Restricted security as to resale. As of report date the Fund held less than 0.1% of its net assets, with a current market value of \$4,358 and an original cost of \$313.

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in this security.

- (e) Convertible security.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
- (j) Amount is less than \$500.
- (k) The investment is held by a wholly owned subsidiary of the Fund.
- (l) 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, if any.

•Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at<br>August 31, 2010 | Net<br>Activity | Shares Held at<br>August 31, 2011 | Income  |
|--|-----------------------------------|-----------------|-----------------------------------|---------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 1,822,139                         | (1,822,139)     | —                                 | \$3,467 |

•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 rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

•Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency<br>Purchased | Currency<br>Sold | Counterparty          | Date | Settlement | Unrealized<br>Appreciation<br>(Depreciation) |
|-----------------------|------------------|-----------------------|------|------------|--|
| USD                   | 745,354 CAD      | 737,000 Citibank NA   |      | 10/07/11   | \$ (6,595)                                   |
| CAD                   | 737,000 USD      | 749,711 Citibank NA   |      | 10/07/11   | 2,238  |
| USD                   | 4,720,029 EUR    | 3,292,500 Citibank NA |      | 10/26/11   | (6,544)                                      |
| USD                   | 99,645 EUR       | 70,000 Citibank NA    |      | 10/26/11   | (844)  |
| USD                   | 310,162 EUR      | 215,000 UBS AG        |      | 10/26/11   | 1,517  |
| EUR                   | 100,300 USD      | 143,690 Citibank NA   |      | 10/26/11   | 296  |

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|       |         |     |         |                               |          |             |
|-------|---------|-----|---------|-------------------------------|----------|-------------|
| USD   | 516,530 | EUR | 361,000 | Morgan Stanley                | 10/26/11 | (1,706)     |
| EUR   | 110,000 | USD | 156,558 | Deutsche Bank AG              | 10/26/11 | 1,353       |
| USD   | 685,485 | GBP | 429,000 | Royal Bank<br>of Scotland Plc | 10/07/11 | (10,640)    |
| USD   | 201,227 | GBP | 125,000 | Citibank NA                   | 10/07/11 | (1,606)     |
| Total |         |     |         |                               |          | \$ (22,531) |

•Fair Value Measurements — Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

- Level 1 — price quotations in active markets/exchanges for identical assets and liabilities
- Level 2 — other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

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

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs    | Level 1    | Level 2    | Level 3       | Total         |               |
|---------------------|------------|------------|---------------|---------------|---------------|
| Assets:             |            |            |               |               |               |
| Investments:        |            |            |               |               |               |
| Long-Term           |            |            |               |               |               |
| Investments:        |            |            |               |               |               |
| Asset-Backed        |            |            |               |               |               |
| Securities          |            | —          | \$ 1,231,272  | \$ 2,753,115  | \$3,984,387   |
| Common Stocks       | \$ 180,405 |            | 743,926       | 1,701,248     | 2,625,579     |
| Corporate Bonds . . |            | —          | 23,846,107    | 1,621,040     | 25,467,147    |
| Floating Rate       |            |            |               |               |               |
| Loan Interests.     |            | —          | 27,138,663    | 12,355,482    | 139,494,145   |
| Other Interests     |            | —          | 925,294       | 2,550,707     | 3,476,001     |
| Preferred           |            |            |               |               |               |
| Securities          | 78,822     |            | 38,045        | —             | 116,867       |
| Warrants.           |            | —          | —             | 7             | 7             |
| Liabilities:        |            |            |               |               |               |
| Unfunded Loan       |            |            |               |               |               |
| Commitments         |            | —          | (45,062)      | —             | (45,062)      |
| Total               |            | \$ 259,227 | \$153,878,245 | \$ 20,981,599 | \$175,119,071 |

| Valuation Inputs                              | Level 1 | Level 2 | Level 3    | Total |             |
|---|---------|---------|------------|-------|-------------|
| Derivative Financial Instruments <sup>1</sup> |         |         |            |       |             |
| Assets:                                       |         |         |            |       |             |
| Foreign currency                              |         |         |            |       |             |
| exchange                                      |         |         |            |       |             |
| contracts                                     |         | —       | \$ 5,404   | —     | \$ 5,404    |
| Liabilities:                                  |         |         |            |       |             |
| Foreign currency                              |         |         |            |       |             |
| exchange                                      |         |         |            |       |             |
| contracts                                     |         | —       | (27,935)   | —     | (27,935)    |
| Total   |         | —       | \$(22,531) | —     | \$( 22,531) |

<sup>1</sup> Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

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The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|  | Asset-Backed<br>Securities | Common<br>Stocks | Corporate<br>Bonds | Floating<br>Rate<br>Loan<br>Interests | Other<br>Interests | Warrants | Unfunded<br>Loan<br>Commitments | Total        |
|--|----------------------------|------------------|--------------------|---------------------------------------|--------------------|----------|---------------------------------|--------------|
| Assets/Liabilities:  |                            |                  |                    |                                       |                    |          |                                 |              |
| Balance, as of August 31,<br>2010                                      | \$ 338,985                 | \$ 230,600       | \$ 904,927         | \$22,878,826                          | 1,589,042          | \$       | \$ 3                            | \$25,895,723 |
| Accrued discounts/premiums   | 26,592                     | —                | (14,766)           | 136,339                               | —                  | —        | —                               | 148,165      |
| Net realized gain (loss)   | —                          | —                | 6,525              | (252,033)                             | —                  | —        | —                               | (245,508)    |
| Net change in unrealized<br>appreciation/<br>depreciation <sup>2</sup> | 889,701                    | (1,475,536)      | 451,244            | 1,588,616                             | 830,945            | —        | 33,379                          | 2,318,349    |
| Purchases  | 2,847,837                  | 3,025,315        | 230,968            | 7,737,800                             | 130,720            | 4        | —                               | 13,972,644   |
| Sales  | (1,350,000)                | (79,131)         | (76,913)           | (16,760,979)                          | —                  | —        | —                               | (18,267,023) |
| Transfers in <sup>3</sup>  | —                          | —                | 119,055            | 2,257,262                             | —                  | —        | 13,281                          | 2,389,598    |
| Transfers out <sup>3</sup>   | —                          | —                | —                  | (5,230,349)                           | —                  | —        | —                               | (5,230,349)  |
| Balance, as of August 31,<br>2011                                      | \$ 2,753,115               | \$ 1,701,248     | \$ 1,621,040       | \$12,355,482                          | \$ 2,550,707       | \$ 7     | —                               | \$20,981,599 |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(641,187).

<sup>3</sup> The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets.

See Notes to Financial Statements.

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

**Schedule of Investments** August 31, 2011

(Percentages shown are based on Net Assets)

|   | Par<br>(000)  | Value             |
|---|---------------|-------------------|
| <b>Asset-Backed Securities</b>  |               |                   |
| ARES CLO Funds, Series 2005-10A, Class B,<br>0.64%, 9/18/17 (a)(b)                        | USD 750       | \$ 668,302        |
| Ballyrock CDO Ltd., Series 2006-1A, Class B,<br>0.67%, 8/28/19 (a)(b)                     | 1,000         | 785,000           |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B,<br>0.73%, 6/19/21 (a)(b)                | 750           | 601,763           |
| Chatham Light CLO Ltd., Series 2005-2A Class A2,<br>0.66%, 8/03/19 (a)(b)                 | 1,000         | 897,500           |
| Flagship CLO, Series 2006-1A, Class B,<br>0.60%, 9/20/19 (a)(b)                           | 1,304         | 1,052,980         |
| Franklin CLO Ltd., Series 6A, Class B,<br>0.72%, 8/09/19 (a)(b)                           | 1,910         | 1,639,926         |
| Fraser Sullivan CLO Ltd., Series 2006-2A, Class B,<br>0.65%, 12/20/20 (a)(b)              | 500           | 400,000           |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2,<br>0.61%, 10/27/20 (b)                   | 575           | 429,813           |
| Goldman Sachs Asset Management CLO Plc,<br>Series 2007-1A, Class B, 0.70%, 8/01/22 (a)(b) | 1,255         | 931,837           |
| Landmark CDO Ltd., Series 2006-8A, Class B,<br>0.61%, 10/19/20 (a)(b)                     | 1,075         | 880,113           |
| MAPS CLO Fund LLC, Series 2005-1A, Class C,<br>1.20%, 12/21/17 (a)(b)                     | 575           | 509,393           |
| Portola CLO Ltd., Series 2007-1X, Class B1,<br>1.74%, 11/15/21 (b)                        | 765           | 681,921           |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B,<br>0.85%, 7/15/19 (a)(b)                | 655           | 585,046           |
| <b>Total Asset-Backed Securities — 3.9%</b>   |               | <b>10,063,594</b> |
| <b>Common Stocks (c)</b>  | <b>Shares</b> |                   |
| <b>Chemicals — 0.0%</b>   |               |                   |
| GEO Specialty Chemicals, Inc.   | 13,117        | 5,036             |
| Wellman Holdings, Inc.  | 430           | 1,397             |
|   |               | 6,433             |
| <b>Electrical Equipment — 0.0%</b>  |               |                   |
| Medis Technologies Ltd.   | 71,654        | 788               |

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### Paper & Forest Products — 0.2%

|                                   |         |         |
|-----------------------------------|---------|---------|
| Ainsworth Lumber Co. Ltd.         | 133,089 | 271,804 |
| Ainsworth Lumber Co. Ltd. (a)     | 152,951 | 312,368 |
| Western Forest Products, Inc. (a) | 84,448  | 56,914  |
|                                   |         | 641,086 |

### Software — 0.1%

|                            |        |         |
|----------------------------|--------|---------|
| HMH Holdings/EduMedia      | 92,606 | 185,212 |
| Total Common Stocks — 0.3% |        | 833,519 |

Par

|                 |       |  |
|-----------------|-------|--|
| Corporate Bonds | (000) |  |
|-----------------|-------|--|

### Airlines — 0.2%

|  |         |         |
|--|---------|---------|
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | USD 417 | 427,885 |
|--|---------|---------|

### Auto Components — 0.9%

|                                      |       |           |
|--------------------------------------|-------|-----------|
| Icahn Enterprises LP, 7.75%, 1/15/16 | 2,215 | 2,237,150 |
|--------------------------------------|-------|-----------|

### Chemicals — 1.2%

|   |     |           |
|---|-----|-----------|
| CF Industries, Inc., 6.88%, 5/01/18   | 905 | 1,026,044 |
| GEO Specialty Chemicals, Inc.:  |     |           |
| 7.50%, 3/31/15  | 857 | 856,987   |
| 10.00%, 3/31/15   | 844 | 780,848   |
| Wellman Holdings, Inc., Subordinate Note (Third Lien),<br>5.00%, 1/29/19 (d)(e) | 487 | 346,118   |
|   |     | 3,009,997 |

Par

|                 |       |       |
|-----------------|-------|-------|
| Corporate Bonds | (000) | Value |
|-----------------|-------|-------|

### Commercial Banks — 1.0%

#### CIT Group, Inc.:

|                    |     |       |           |
|--------------------|-----|-------|-----------|
| 7.00%, 5/01/14     | USD | 84    | \$ 84,069 |
| 7.00%, 5/01/15     |     | 290   | 288,550   |
| 7.00%, 5/01/16     |     | 400   | 398,000   |
| 7.00%, 5/01/17     |     | 1,621 | 1,600,738 |
| 7.00%, 5/02/17 (a) |     | 250   | 246,875   |
|                    |     |       | 2,618,232 |

### Commercial Services & Supplies — 0.5%

|  |     |           |
|--|-----|-----------|
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a)    | 951 | 917,761   |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 530 | 499,525   |
|  |     | 1,417,286 |

### Consumer Finance — 0.5%

|   |     |         |
|---|-----|---------|
| Credit Acceptance Corp., 9.13%, 2/01/17   | 360 | 364,500 |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a) | 775 | 806,000 |

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|  |     |       |           |
|--|-----|-------|-----------|
|  |     |       | 1,170,500 |
| <b>Containers &amp; Packaging — 1.2%</b>                         |     |       |           |
| Berry Plastics Corp., 8.25%, 11/15/15                            |     | 1,600 | 1,648,000 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17            |     | 220   | 239,250   |
| OI European Group BV, 6.88%, 3/31/17                             | EUR | 143   | 195,148   |
| Smurfit Kappa Acquisitions (a):                                  |     |       |           |
| 7.25%, 11/15/17  |     | 335   | 461,979   |
| 7.75%, 11/15/19  |     | 338   | 463,688   |
|  |     |       | 3,008,065 |
| <b>Diversified Financial Services — 1.9%</b>                     |     |       |           |
| Ally Financial, Inc., 2.53%, 12/01/14 (b)                        | USD | 2,600 | 2,436,478 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16               |     | 160   | 166,800   |
| Reynolds Group DL Escrow, Inc., 8.50%, 10/15/16 (a)              |     | 597   | 610,433   |
| Reynolds Group Issuer, Inc. (a):                                 |     |       |           |
| 8.75%, 10/15/16  | EUR | 472   | 657,687   |
| 7.13%, 4/15/19   | USD | 530   | 502,175   |
| 7.88%, 8/15/19   |     | 300   | 297,000   |
| 6.88%, 2/15/21   |     | 395   | 367,350   |
|  |     |       | 5,037,923 |
| <b>Diversified Telecommunication Services — 0.6%</b>             |     |       |           |
| ITC Deltacom, Inc., 10.50%, 4/01/16                              |     | 430   | 440,750   |
| Qwest Communications International, Inc.:                        |     |       |           |
| 8.00%, 10/01/15  |     | 600   | 640,500   |
| Series B, 7.50%, 2/15/14   |     | 434   | 439,425   |
|  |     |       | 1,520,675 |
| <b>Electronic Equipment, Instruments &amp; Components — 0.1%</b> |     |       |           |
| CDW LLC, 8.00%, 12/15/18 (a)                                     |     | 370   | 366,300   |
| <b>Health Care Equipment &amp; Supplies — 0.5%</b>               |     |       |           |
| DJO Finance LLC:   |     |       |           |
| 10.88%, 11/15/14   |     | 1,175 | 1,214,656 |
| 7.75%, 4/15/18 (a)   |     | 210   | 195,300   |
|  |     |       | 1,409,956 |
| <b>Health Care Providers &amp; Services — 1.7%</b>               |     |       |           |
| HCA, Inc.:   |     |       |           |
| 6.50%, 2/15/20   |     | 1,170 | 1,183,162 |
| 7.25%, 9/15/20   |     | 485   | 498,338   |
| 7.50%, 2/15/22   |     | 1,370 | 1,356,300 |
| Tenet Healthcare Corp.:  |     |       |           |
| 9.00%, 5/01/15   |     | 160   | 169,600   |
| 8.88%, 7/01/19   |     | 1,085 | 1,150,100 |
|  |     |       | 4,357,500 |

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Health Care Technology — 0.8%

|                                       |       |           |
|---------------------------------------|-------|-----------|
| IMS Health, Inc., 12.50%, 8/20/17 (a) | 1,860 | 2,139,000 |
|---------------------------------------|-------|-----------|

Hotels, Restaurants & Leisure — 0.3%

|   |     |         |
|---|-----|---------|
| Little Traverse Bay Bands of Odawa Indians,<br>9.00%, 8/31/20 (a) | 373 | 309,590 |
|---|-----|---------|

|  |     |         |
|--|-----|---------|
| MGM Resorts International, 10.38%, 5/15/14 | 490 | 537,775 |
|  |     | 847,365 |

See Notes to Financial Statements.

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

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>   |              |              |
| <b>Household Durables — 0.5%</b>   |              |              |
| Beazer Homes USA, Inc., 12.00%, 10/15/17                                       | USD 1,200    | \$ 1,218,000 |
| <b>IT Services — 0.3%</b>  |              |              |
| First Data Corp., 7.38%, 6/15/19 (a)   | 815          | 766,100      |
| <b>Independent Power Producers &amp; Energy Traders — 1.4%</b>                 |              |              |
| Energy Future Holdings Corp., 10.00%, 1/15/20                                  | 1,000        | 1,003,871    |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20                | 2,700        | 2,723,952    |
|  |              | 3,727,823    |
| <b>Industrial Conglomerates — 0.6%</b>   |              |              |
| Sequa Corp., 13.50%, 12/01/15 (a)  | 1,557        | 1,650,776    |
| <b>Media — 2.8%</b>  |              |              |
| AMC Networks, Inc., 7.75%, 7/15/21 (a)   | 225          | 232,875      |
| CCH II LLC, 13.50%, 11/30/16   | 1,050        | 1,212,750    |
| CSC Holdings, Inc., 8.50%, 4/15/14   | 420          | 454,650      |
| Checkout Holding Corp., 10.69%, 11/15/15 (a)(f)                                | 665          | 392,350      |
| Clear Channel Worldwide Holdings, Inc.:<br>9.25%, 12/15/17                     | 401          | 425,060      |
| Series B, 9.25%, 12/15/17  | 1,834        | 1,962,380    |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a)                            | 615          | 621,150      |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC<br>Germany GmbH), 8.13%, 12/01/17 (a) | 2,000        | 2,040,000    |
|  |              | 7,341,215    |
| <b>Metals &amp; Mining — 0.7%</b>  |              |              |
| FMG Resources August 2006 Property Ltd.,<br>7.00%, 11/01/15 (a)                | 840          | 837,900      |
| Novelis, Inc., 8.38%, 12/15/17   | 935          | 965,388      |
|  |              | 1,803,288    |
| <b>Multiline Retail — 0.2%</b>   |              |              |
| Dollar General Corp., 11.88%, 7/15/17 (d)                                      | 445          | 492,838      |
| <b>Oil, Gas &amp; Consumable Fuels — 0.5%</b>                                  |              |              |
| Alpha Natural Resources, Inc.:<br>6.00%, 6/01/19                               | 435          | 425,212      |
| 6.25%, 6/01/21   | 665          | 650,869      |

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|   |       |            |
|---|-------|------------|
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                 | 275   | 291,500    |
|   |       | 1,367,581  |
| <b>Paper &amp; Forest Products — 0.6%</b>                     |       |            |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(d)             | 1,298 | 908,544    |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a) | 340   | 336,600    |
| Verso Paper Holdings LLC, Series B, 4.00%, 8/01/14 (b)        | 340   | 278,800    |
|   |       | 1,523,944  |
| <b>Pharmaceuticals — 0.4%</b>                                 |       |            |
| Valeant Pharmaceuticals International,<br>6.50%, 7/15/16 (a)  | 980   | 931,000    |
| <b>Professional Services — 0.1%</b>                           |       |            |
| FTI Consulting, Inc., 6.75%, 10/01/20                         | 170   | 167,663    |
| <b>Wireless Telecommunication Services — 1.5%</b>             |       |            |
| Cricket Communications, Inc., 7.75%, 5/15/16                  | 1,700 | 1,721,250  |
| Digicel Group Ltd. (a):<br>9.13%, 1/15/15                     | 278   | 278,000    |
| 8.25%, 9/01/17  | 315   | 315,000    |
| iPCS, Inc., 2.38%, 5/01/13 (b)                                | 1,500 | 1,391,250  |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13        | 275   | 273,281    |
|   |       | 3,978,781  |
| Total Corporate Bonds — 21.0%                                 |       | 54,536,843 |

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Floating Rate Loan Interests (b)                                 |              |            |
| <b>Aerospace &amp; Defense — 1.6%</b>                            |              |            |
| DynCorp International LLC, Term Loan B,<br>6.25%, 7/05/16        | USD 939      | \$ 894,273 |
| SI Organization, Inc., New Term Loan B,<br>4.50%, 11/22/16       | 840          | 756,338    |
| TransDigm, Inc., Term Loan (First Lien), 4.00%, 2/14/17          | 1,791        | 1,719,360  |
| Wesco Aircraft Hardware Corp., Term Loan B,<br>4.25%, 4/07/17    | 931          | 899,993    |
|  |              | 4,269,964  |
| <b>Airlines — 0.9%</b>   |              |            |
| Delta Air Lines, Inc., Credit New Term Loan B,<br>5.50%, 4/20/17 | 2,400        | 2,212,008  |
| <b>Auto Components — 2.4%</b>                                    |              |            |
| Allison Transmission, Inc., Term Loan, 2.96%, 8/07/14            | 3,431        | 3,216,774  |
| Autoparts Holdings, Ltd., First Lien Term Loan,                  |              |            |

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|   |     |       |           |
|---|-----|-------|-----------|
| 6.50%, 7/28/17  |     | 1,450 | 1,421,000 |
| Federal-Mogul Corp.:                                    |     |       |           |
| Term Loan B, 2.16%, 12/29/14                            |     | 600   | 543,461   |
| Term Loan C, 2.15%, 12/28/15                            |     | 306   | 277,086   |
| GPX International Tire Corp., Tranche B Term Loan:      |     |       |           |
| 8.37%, 3/31/12  |     | 549   | —         |
| 12.00%, 3/31/12   |     | 9     | —         |
| UCI International, Inc., Term Loan, 5.50%, 7/26/17      |     | 746   | 724,795   |
|   |     |       | 6,183,116 |
| <b>Biotechnology — 0.3%</b>                             |     |       |           |
| Grifols SA, Term Loan B, 6.00%, 6/01/17                 |     | 850   | 829,600   |
| <b>Building Products — 3.1%</b>                         |     |       |           |
| Armstrong World Industries, Inc., Term Loan B,          |     |       |           |
| 4.00%, 3/09/18  |     | 1,172 | 1,100,274 |
| CPG International I, Inc., Term Loan B, 6.00%, 2/18/17  |     | 1,791 | 1,674,585 |
| Goodman Global, Inc., Initial Term Loan (First Lien),   |     |       |           |
| 5.75%, 10/28/16   |     | 4,548 | 4,470,170 |
| Momentive Performance Materials (Blitz 06-103 GmbH),    |     |       |           |
| Tranche B-2B Term Loan, 4.79%, 5/05/15                  | EUR | 648   | 835,248   |
|   |     |       | 8,080,277 |
| <b>Capital Markets — 1.8%</b>                           |     |       |           |
| American Capital Ltd., Term Loan B, 7.50%, 12/31/13     | USD | 515   | 500,539   |
| HarbourVest Partners, Term Loan (First Lien),           |     |       |           |
| 6.25%, 12/14/16   |     | 1,812 | 1,757,659 |
| Nuveen Investments, Inc.:                               |     |       |           |
| Extended Term Loan (First Lien),                        |     |       |           |
| 5.75% – 5.81%, 5/12/17                                  |     | 1,753 | 1,637,899 |
| Non-Extended Term Loan (First Lien),                    |     |       |           |
| 3.25%, 11/13/14   |     | 897   | 829,049   |
|   |     |       | 4,725,146 |
| <b>Chemicals — 6.0%</b>                                 |     |       |           |
| American Rock Salt Holdings LLC, Term Loan B,           |     |       |           |
| 5.50%, 4/25/17  |     | 1,222 | 1,171,533 |
| Arizona Chemical Co., LLC, Term Loan, 4.75%, 11/21/16   |     | 528   | 509,266   |
| Ashland, Inc., Term Loan B, 3.75%, 7/30/18              |     | 1,200 | 1,173,216 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16        |     | 1,400 | 1,369,662 |
| Gentek, Inc., Term Loan B, 5.00% – 5.75%, 10/06/15      |     | 1,490 | 1,390,414 |
| MDI Holdings, LLC (FKA MacDermid, Inc.), Tranche C      |     |       |           |
| Term Loan, 3.54%, 4/11/14                               | EUR | 507   | 692,624   |
| Nexeo Solutions, LLC, Term Loan B, 5.00%, 9/08/17       | USD | 1,197 | 1,102,234 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term |     |       |           |

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|   |       |            |
|---|-------|------------|
| Loan (First Lien), 3.48% – 3.51%, 7/30/14             | 1,450 | 1,325,120  |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17              | 1,819 | 1,670,913  |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 10/15/15 | 2,761 | 2,730,062  |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17             | 2,687 | 2,478,968  |
|   |       | 15,614,012 |

See Notes to Financial Statements.

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

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value     |
|--|--------------|-----------|
| Floating Rate Loan Interests (b)   |              |           |
| Commercial Services & Supplies — 3.8%  |              |           |
| ARAMARK Corp.:   |              |           |
| Letter of Credit — 1 Facility, 2.06%, 1/27/14  | USD 16       | \$ 15,412 |
| Letter of Credit — 2 Facility, 3.44%, 7/26/16  | 24           | 22,000    |
| US Term Loan, 2.12%, 1/27/14   | 203          | 191,326   |
| US Term Loan B, 3.50%, 7/26/16   | 358          | 334,531   |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                   | 652          | 627,216   |
| Adesa Inc. (KAR Holdings, Inc.), Term Loan B,<br>5.00%, 5/19/17                                | 2,600        | 2,470,000 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.),<br>Tranche D Term Loan, 7.75%, 2/20/15 | 1,627        | 1,582,926 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16  | 1,875        | 1,862,495 |
| Synagro Technologies, Inc., Term Loan (First Lien),<br>2.21% – 2.23%, 4/02/14                  | 1,520        | 1,319,596 |
| Volume Services America, Inc. (Centerplate),<br>Term Loan B, 10.50% – 10.75%, 9/16/16          | 993          | 949,495   |
| West Corp.:  |              |           |
| Term Loan 4.50%, 7/15/16   | 294          | 278,909   |
| Term Loan B, 4.50%, 7/15/16  | 152          | 144,453   |
|  |              | 9,798,359 |
| Communications Equipment — 1.7%  |              |           |
| Avaya, Inc. Term Loan B:   |              |           |
| 3.06%, 10/24/14  | 1,016        | 904,079   |
| 4.81%, 10/26/17  | 1,917        | 1,651,361 |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18   | 1,995        | 1,915,200 |
|  |              | 4,470,640 |
| Construction & Engineering — 1.0%  |              |           |
| BakerCorp., Inc., Term Loan B, 5.00%, 6/01/18  | 865          | 821,750   |
| Safway Services, LLC, First Out Tranche Loan,<br>9.00%, 12/16/17                               | 1,700        | 1,700,000 |
|  |              | 2,521,750 |
| Consumer Finance — 1.9%  |              |           |
| Springleaf Financial Funding Co. (FKA AGFS   |              |           |

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|  |           |              |
|--|-----------|--------------|
| Funding Co.), Term Loan, 5.50%, 5/10/17  | 5,350     | 4,955,437    |
| <b>Containers &amp; Packaging — 0.9%</b>   |           |              |
| Anchor Glass Container Corp., Term Loan (First Lien),<br>6.00%, 3/02/16                | 265       | 261,296      |
| Berry Plastics Holding Corp., Term Loan C,<br>2.21%, 4/03/15                           | 277       | 246,310      |
| Graham Packaging Co., LP:<br>Term Loan C, 6.75%, 4/04/14                               | 623       | 616,269      |
| Term Loan D, 6.00%, 9/23/16  | 1,092     | 1,080,833    |
|  |           | 2,204,708    |
| <b>Diversified Consumer Services — 3.0%</b>  |           |              |
| Coinmach Service Corp., Term Loan,<br>3.22% – 3.30%, 11/20/14                          | 2,478     | 2,155,925    |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 8/15/18                        | 3,784     | 3,342,154    |
| ServiceMaster Co.:<br>Closing Date Term Loan, 2.69% – 2.76%, 7/24/14                   | 2,182     | 2,016,048    |
| Delayed Draw Term Loan, 2.72%, 7/24/14   | 217       | 200,769      |
|  |           | 7,714,896    |
| <b>Diversified Financial Services — 0.5%</b>   |           |              |
| Reynolds Group Holdings, Inc., Term Loan E,<br>6.50%, 2/09/18                          | 1,426     | 1,360,453    |
| <b>Diversified Telecommunication Services — 4.3%</b>                                   |           |              |
| Hawaiian Telcom Communications, Inc., Term Loan,<br>9.00%, 11/01/15 (d)                | 1,350     | 1,348,312    |
| Integra Telecom Holdings, Inc., Term Loan,<br>9.25%, 4/15/15                           | 1,609     | 1,514,236    |
|  | Par       | Value        |
| Floating Rate Loan Interests (b)   | (000)     |              |
| <b>Diversified Telecommunication Services (concluded)</b>                              |           |              |
| Level 3 Financing, Inc.:<br>Incremental Tranche A Term Loan,<br>2.49% – 2.50%, 3/13/14 | USD 2,525 | \$ 2,333,100 |
| Term Loan B, 11.50%, 3/13/14   | 1,150     | 1,195,046    |
| Term Loan B2, 2.49%, 9/03/18   | 3,450     | 3,251,625    |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                                      | 1,497     | 1,440,513    |
|  |           | 11,082,832   |
| <b>Electronic Equipment, Instruments &amp; Components — 2.2%</b>                       |           |              |
| Aeroflex Inc., Term Loan B, 4.25%, 5/09/18   | 1,475     | 1,365,599    |

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### CDW LLC (FKA CDW Corp.):

|   |       |           |
|---|-------|-----------|
| Extended Term Loan B, 4.25%, 7/14/17                | 1,037 | 941,081   |
| Non-Extended Term Loan, 3.71%, 10/10/14             | 1,372 | 1,290,059 |
| Flextronics International Ltd., Delayed Draw:       |       |           |
| Term Loan A-2, 2.47%, 10/01/14                      | 45    | 42,780    |
| Term Loan A-3, 2.44%, 10/01/14                      | 39    | 36,669    |
| Sensata Technologies Finance Company, LLC, New Term |       |           |
| Loan, 4.00%, 5/11/18                                | 2,100 | 2,018,625 |
|   |       | 5,694,813 |

### Energy Equipment & Services — 2.5%

|  |       |           |
|--|-------|-----------|
| CCS Corp., Tranche B Term Loan, 3.25%, 11/14/14          | 1,617 | 1,434,526 |
| Dynegy Holdings, Inc.:                                   |       |           |
| Coal Co. Term Loan, 9.25%, 8/04/16                       | 689   | 665,457   |
| Gas Co. Term Loan, 9.25%, 8/04/16                        | 1,261 | 1,238,933 |
| MEG Energy Corp., Tranche D Term Loan,<br>4.00%, 3/16/18 | 3,350 | 3,203,437 |
|  |       | 6,542,353 |

### Food & Staples Retailing — 2.0%

|   |           |           |
|---|-----------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), |           |           |
| Facility B1, 3.61%, 7/09/15                           | GBP 1,825 | 2,547,088 |
| Bolthouse Farms, Inc., Term Loan (First Lien),        |           |           |
| 5.50% – 5.75%, 2/11/16                                | USD 508   | 494,666   |
| US Foodservice, Inc.:                                 |           |           |
| New Term Loan B, 5.75%, 3/31/17                       | 698       | 649,373   |
| Term Loan B, 2.71% – 2.72%, 7/03/14                   | 1,772     | 1,586,191 |
|   |           | 5,277,318 |

### Food Products — 4.2%

|  |       |            |
|--|-------|------------|
| Advance Pierre Foods, Term Loan (Second Lien):   |       |            |
| 7.00%, 9/30/16                                   | 1,956 | 1,890,793  |
| 11.25%, 9/29/17                                  | 1,100 | 1,078,000  |
| Del Monte Corp., Term Loan B, 4.50%, 3/08/18     | 5,115 | 4,820,887  |
| Michaels Foods Group, Inc. (FKA M-Foods          |       |            |
| Holdings, Inc.), Term Loan B, 4.25%, 2/23/18     | 292   | 278,800    |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, |       |            |
| 6.00%, 4/02/14                                   | 1,213 | 1,195,380  |
| Solvest, Ltd. (Dole):                            |       |            |
| Tranche B-1 Term Loan, 5.00% – 6.00%, 7/06/18    | 558   | 537,595    |
| Tranche C-1 Term Loan, 5.00% – 6.00%, 7/06/18    | 1,037 | 998,390    |
|  |       | 10,799,845 |

### Health Care Equipment & Supplies — 2.1%

|  |     |         |
|--|-----|---------|
| Biomet, Inc., Dollar Term Loan, 3.22% – 3.25%, 3/25/15 | 685 | 650,065 |
|--|-----|---------|

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|  |       |           |
|--|-------|-----------|
| Capsugel Healthcare Ltd., Term Loan, 5.25%, 8/01/18                              | 1,300 | 1,255,800 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.22%, 5/20/14 | 986   | 919,784   |
| lasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                                  | 1,639 | 1,511,389 |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                                       | 1,080 | 1,041,530 |
|  |       | 5,378,568 |
| <br><b>Health Care Providers &amp; Services — 5.5%</b>                           |       |           |
| CHS/Community Health Systems, Inc.:  |       |           |
| Delayed Draw Term Loan, 2.47% – 2.57%, 7/25/14                                   | 82    | 76,115    |
| Extended Term Loan B, 3.72% – 3.82%, 1/25/17                                     | 175   | 159,906   |
| Non Extended Term Loan, 2.47% – 2.57%, 7/25/14                                   | 1,584 | 1,468,477 |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/22/16                                | 1,294 | 1,220,197 |
| DaVita, Inc., Tranche B Term Loan, 4.50%, 10/20/16                               | 1,692 | 1,640,755 |
| Emergency Medical Services, Term Loan B, 5.25% – 6.00%, 5/25/18                  | 1,910 | 1,766,750 |

See Notes to Financial Statements.

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

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Floating Rate Loan Interests (b)  |              |            |
| Health Care Providers & Services (concluded)                            |              |            |
| HCA, Inc.:  |              |            |
| Tranche B-1 Term Loan, 3.50%, 5/01/18                                   | USD 636      | \$ 596,813 |
| Tranche B-2 Term Loan, 3.50%, 3/31/17                                   | 787          | 741,040    |
| Harden Healthcare, Inc.:  |              |            |
| Tranche A Additional Term Loan, 7.75%, 3/02/15                          | 1,130        | 1,107,195  |
| Tranche A Term Loan, 8.50%, 3/02/15                                     | 692          | 678,253    |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.):                       |              |            |
| Incremental Term Loan B3, 6.75%, 5/15/18                                | 800          | 752,000    |
| Term Loan B, 6.50%, 8/04/16   | 1,796        | 1,693,955  |
| Medpace, Inc., Term Loan, 6.50%, 6/22/17                                | 1,250        | 1,187,500  |
| Renal Advantage Holdings, Inc., Tranche B Term Loan,<br>5.75%, 12/16/16 | 1,194        | 1,169,129  |
|   |              | 14,258,085 |
| Health Care Technology — 0.7%   |              |            |
| IMS Health, Inc., Tranche B Dollar Term Loan,<br>4.50%, 8/25/17         | 1,207        | 1,157,545  |
| MedAssets, Inc., Term Loan B, 5.25%, 11/16/16                           | 779          | 737,599    |
|   |              | 1,895,144  |
| Hotels, Restaurants & Leisure — 7.6%                                    |              |            |
| Ameristar Casinos, Inc., Term Loan B, 4.00%, 4/13/18                    | 1,546        | 1,484,280  |
| Caesars Entertainment Operating Co., Inc.:                              |              |            |
| Term Loan B-1, 3.30%, 1/28/15   | 192          | 165,550    |
| Term Loan B-2, 3.22% – 3.25%, 1/28/15                                   | 315          | 271,391    |
| Term Loan B-3, 3.25%, 1/28/15   | 5,795        | 4,988,965  |
| Term Loan B-4, 9.50%, 10/31/16  | 572          | 570,906    |
| Dunkin' Brands, Inc., New Term Loan B,<br>4.00%, 11/23/17               | 2,198        | 2,111,197  |
| Golden Living, Term Loan, 5.00%, 5/04/18                                | 1,775        | 1,575,313  |
| Las Vegas Sands LLC:  |              |            |
| Delayed Draw Term Loan, 1.72%, 5/23/14                                  | 202          | 187,430    |
| Term Loan B, 1.72%, 5/23/14   | 798          | 743,467    |
| Penn National Gaming, Inc., Term Loan B,<br>3.75%, 7/16/18              | 350          | 340,375    |

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|   |       |              |
|---|-------|--------------|
| SeaWorld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17 | 1,764 | 1,701,825    |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.25%, 6/30/16                     | 1,585 | 1,545,312    |
| Twin River Worldwide Holdings, Inc., Term Loan, 8.50%, 11/05/15                                   | 809   | 802,497      |
| VML US Finance LLC (FKA Venetian Macau):  |       |              |
| New Project Term Loan, 4.73%, 5/27/13   | 587   | 581,064      |
| Term B Delayed Draw Project Loan, 4.73%, 5/25/12  | 926   | 915,690      |
| Term B Funded Project Loan, 4.73%, 5/27/13  | 1,765 | 1,743,372    |
|   |       | 19,728,634   |
| <br><b>Household Durables — 0.0%</b>  |       |              |
| Visant Corp. (FKA Jostens), Tranche B Term Loan, 5.25%, 12/22/16                                  | 48    | 43,612       |
| <br><b>IT Services — 4.5%</b>   |       |              |
| Ceridian Corp., US Term Loan, 3.22%, 11/10/14   | 1,241 | 1,060,911    |
| First Data Corp.:   |       |              |
| Initial Tranche B-1 Term Loan, 2.97%, 9/24/14   | 250   | 219,854      |
| Initial Tranche B-2 Term Loan, 4.22%, 3/23/18   | 6,476 | 5,421,774    |
| Initial Tranche B-3 Term Loan, 2.97%, 9/24/14   | 115   | 100,737      |
| InfoGROUP, Inc., Term Loan, 5.75%, 5/22/18  | 709   | 650,567      |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17   | 1,106 | 1,046,111    |
| TransUnion LLC, Replacement Term Loan, 4.75%, 2/12/18   | 3,227 | 3,060,724    |
|   |       | 11,560,678   |
| <br><b>Independent Power Producers &amp; Energy Traders — 3.7%</b>                                |       |              |
| The AES Corp., Term Loan B, 4.25%, 6/01/18  | 1,995 | 1,916,197    |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18  | 3,789 | 3,492,888    |
| Texas Competitive Electric Holdings Co., LLC (TXU), Extended Term Loan, 4.71% – 4.77%, 10/10/17   | 5,748 | 4,219,357    |
|   |       | 9,628,442    |
|   | Par   |              |
| Floating Rate Loan Interests (b)  | (000) | Value        |
| <br><b>Industrial Conglomerates — 1.2%</b>  |       |              |
| Sequa Corp., Term Loan, 3.50% – 3.51%, 12/03/14   | USD   | \$ 3,099,331 |
| <br><b>Insurance — 0.8%</b>   |       |              |
| CNO Financial Group, Inc., Term Loan, 6.25%, 9/30/16  | 1,997 | 1,951,863    |
| <br><b>Machinery — 1.8%</b>   |       |              |
| Navistar Financial Corp., Term Loan B, 4.50%, 12/16/12  | 819   | 796,234      |

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Terex Corp.:

|  |     |       |           |
|--|-----|-------|-----------|
| Term Loan, 6.03%, 4/28/17                | EUR | 135   | 188,110   |
| Term Loan B, 5.50%, 4/28/17              | USD | 1,000 | 980,000   |
| Tomkins Plc, Term Loan B, 4.25%, 9/29/16 |     | 2,732 | 2,629,888 |
|  |     |       | 4,594,232 |

**Marine — 0.3%**

Horizon Lines, LLC:

|  |  |     |         |
|--|--|-----|---------|
| Revolving Loan, 0.50% – 6.30%, 8/08/12 |  | 569 | 554,874 |
| Term Loan, 6.25%, 8/08/12              |  | 239 | 231,853 |
|  |  |     | 786,727 |

**Media — 17.7%**

|  |  |       |           |
|--|--|-------|-----------|
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18   |  | 1,700 | 1,638,375 |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18  |  | 1,995 | 1,881,544 |
| Affinion Group, Inc., Tranche B Term Loan,<br>5.00%, 7/16/15   |  | 1,604 | 1,444,384 |
| Atlantic Broadband Finance, LLC, Term Loan B,<br>4.00%, 3/08/16  |  | 1,014 | 959,265   |
| Bresnan Telecommunications Co. LLC, Term Loan B,<br>4.50%, 12/14/17  |  | 2,910 | 2,777,342 |
| Catalina Marketing Corp., Term Loan B, 2.97%, 10/01/14   |  | 235   | 214,908   |
| Cengage Learning Acquisitions, Inc. (Thomson Learning):<br>Term Loan, 2.50%, 7/03/14                         |  | 2,292 | 1,894,749 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14  |  | 767   | 732,481   |
| Charter Communications Operating, LLC:<br>Term Loan B, 7.25%, 3/06/14  |  | 28    | 28,085    |
| Term Loan C, 3.50%, 9/06/16  |  | 2,685 | 2,556,372 |
| Clarke American Corp., Term Facility B,<br>2.72% – 2.75%, 6/30/14  |  | 881   | 731,616   |
| Clear Channel Communications, Inc., Term Loan B,<br>3.87%, 1/28/16   |  | 2,180 | 1,631,599 |
| Cumulus Media, Inc., Term Loan, 5.75%, 8/30/18   |  | 1,400 | 1,310,750 |
| Getty Images, Inc., Initial Term Loan, 5.25%, 11/07/16   |  | 463   | 453,632   |
| Gray Television, Inc., Term Loan B, 3.71%, 12/31/14  |  | 1,222 | 1,117,539 |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>6.21%, 6/12/14   |  | 1,453 | 1,167,581 |
| Hubbard Broadcasting, Term Loan B (Second Lien),<br>5.25%, 4/28/17   |  | 1,000 | 951,670   |
| Intelsat Jackson Holdings S.A. (FKA Intelsat Jackson<br>Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 |  | 6,484 | 6,208,191 |
| Interactive Data Corp., New Term Loan B,<br>4.50%, 2/12/18   |  | 2,918 | 2,759,053 |

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|  |     |       |           |
|--|-----|-------|-----------|
| Knology, Inc., Term Loan B, 4.00%, 8/18/17   |     | 619   | 585,989   |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG):   |     |       |           |
| Facility B1, 4.20%, 3/06/15  | EUR | 304   | 338,575   |
| Facility C1, 4.45%, 3/04/16  |     | 304   | 340,757   |
| Mediacom Illinois, LLC (FKA Mediacom<br>Communications, LLC), Tranche D Term Loan,<br>5.50%, 3/31/17 | USD | 445   | 425,420   |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13  |     | 2,500 | 2,581,250 |
| Nielsen Finance LLC, Class B Dollar Term Loan,<br>3.96%, 5/02/16                                     |     | 1,391 | 1,307,162 |
| Sinclair Television Group, Inc., New Tranche B Term Loan,<br>4.00%, 10/28/16                         |     | 846   | 833,332   |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment),<br>Term Facility, 5.51%, 6/01/12                  |     | 1,882 | 1,810,150 |
| UPC Broadband Holding B.V., Term U,<br>5.44%, 12/31/17   | EUR | 2,231 | 2,996,020 |
| Univision Communications, Inc., Extended First Lien<br>Term Loan, 4.47%, 3/31/17                     | USD | 1,768 | 1,520,883 |

See Notes to Financial Statements.

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

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Floating Rate Loan Interests (b)  |              |            |
| <b>Media (concluded)</b>  |              |            |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18   | USD 439      | \$ 421,072 |
| Weather Channel, Term Loan B, 4.25%, 2/13/17  | 2,274        | 2,190,372  |
|   |              | 45,810,118 |
| <b>Metals &amp; Mining — 2.8%</b>   |              |            |
| Novelis, Inc., Term Loan, 3.75%, 3/10/17  | 2,850        | 2,692,224  |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18   | 950          | 902,500    |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18  | 3,907        | 3,731,233  |
|   |              | 7,325,957  |
| <b>Multi-Utilities — 0.1%</b>   |              |            |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.),<br>Term B Advance (First Lien), 2.75%, 11/01/13 | 379          | 359,054    |
| <b>Multiline Retail — 0.6%</b>  |              |            |
| Dollar General Corp., Tranche B-2 Term Loan,<br>2.96% – 2.97%, 7/07/14                                  | 616          | 597,567    |
| Hema Holding BV:  |              |            |
| Facility B, 3.43%, 7/06/15  | EUR 399      | 532,788    |
| Facility C, 4.18%, 7/05/16  | 399          | 535,652    |
|   |              | 1,666,007  |
| <b>Oil, Gas &amp; Consumable Fuels — 2.1%</b>   |              |            |
| EquiPower Resources Holdings, LLC, Term Loan B,<br>5.75%, 1/26/18                                       | USD 1,646    | 1,577,983  |
| Gibson Energy, Term Loan B, 5.75%, 6/14/18  | 1,800        | 1,701,000  |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15  | 2,234        | 2,211,832  |
|   |              | 5,490,815  |
| <b>Paper &amp; Forest Products — 1.2%</b>   |              |            |
| Georgia-Pacific LLC, Term Loan B, 2.32%, 12/21/12   | 1,122        | 1,114,076  |
| Verso Paper Finance Holdings LLC, Term Loan,<br>6.51% – 7.26%, 2/01/13                                  | 2,268        | 1,950,152  |
|   |              | 3,064,228  |
| <b>Pharmaceuticals — 2.5%</b>   |              |            |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17   | 2,189        | 1,974,478  |
| Endo Pharmaceuticals Holdings, Inc., Term Loan B,<br>4.00%, 6/18/18                                     | 1,300        | 1,271,569  |

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|  |       |            |
|--|-------|------------|
| Quintiles Transnational Corp., Term Loan,                      |       |            |
| 5.00%, 6/08/18   | 1,360 | 1,261,400  |
| RPI Finance Trust, Term Loan Tranche 2, 4.00%, 5/09/18         | 1,000 | 970,000    |
| Warner Chilcott Corp.:   |       |            |
| Term Loan B-1, 4.25%, 3/15/18                                  | 638   | 611,670    |
| Term Loan B-2, 4.25%, 3/15/18                                  | 319   | 306,234    |
|  |       | 6,395,351  |
| <br><b>Professional Services — 1.0%</b>                        |       |            |
| Booz Allen Hamilton, Inc., Tranche B Term Loan,                |       |            |
| 4.00%, 8/03/17   | 1,148 | 1,123,102  |
| Fifth Third Processing Solutions, LLC, Term Loan B             |       |            |
| (First Lien), 4.50%, 11/03/16                                  | 1,493 | 1,437,481  |
|  |       | 2,560,583  |
| <br><b>Real Estate Investment Trusts (REITs) — 0.8%</b>        |       |            |
| iStar Financial, Inc., Term Loan (Second Lien),                |       |            |
| 5.00%, 6/28/13   | 2,195 | 2,132,991  |
| <br><b>Real Estate Management &amp; Development — 1.8%</b>     |       |            |
| Mattamy Funding Partnership, Term Loan,                        |       |            |
| 2.56%, 4/11/13   | 405   | 380,382    |
| Realogy Corp.:   |       |            |
| Delayed Draw Term Loan, 3.30%, 10/10/13                        | 1,603 | 1,414,570  |
| Extended Synthetic Letter of Credit,                           |       |            |
| 4.44%, 10/10/13  | 66    | 58,245     |
| Extended Term Loan B, 4.52%, 10/10/16                          | 2,736 | 2,252,165  |
| Term Loan, 3.27%, 10/10/13                                     | 524   | 462,430    |
|  |       | 4,567,792  |
|  | Par   |            |
| Floating Rate Loan Interests (b)                               | (000) | Value      |
| <br><b>Road &amp; Rail — 0.3%</b>                              |       |            |
| The Hertz Corp., Term Loan B, 3.75%, 3/09/18                   | USD   | 798        |
|  |       | \$ 756,105 |
| <br><b>Semiconductors &amp; Semiconductor Equipment — 0.7%</b> |       |            |
| Freescale Semiconductor, Inc., Extended Term Loan B,           |       |            |
| 4.44%, 12/01/16  |       | 851        |
|  |       | 773,508    |
| Microsemi Corp., Term Loan B, 4.00%, 11/02/17                  |       | 1,095      |
|  |       | 1,044,339  |
|  |       | 1,817,847  |
| <br><b>Software — 0.6%</b>                                     |       |            |
| Rovi Corp., Tranche B Term Loan, 4.00%, 2/07/18                |       |            |
|  |       | 998        |
|  |       | 959,266    |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                   |       |            |
|  |       | 682        |
|  |       | 648,348    |
|  |       | 1,607,614  |

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### Specialty Retail — 4.8%

|  |       |            |
|--|-------|------------|
| Academy Ltd., Term Loan, 6.00%, 8/03/18                              | 1,700 | 1,613,725  |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/23/17 | 938   | 884,183    |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18         | 2,400 | 2,265,000  |
| J. Crew Group, Inc., Term Loan B, 4.75%, 3/07/18                     | 823   | 732,933    |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18                     | 663   | 616,357    |
| Michaels Stores, Inc.:   |       |            |
| Term Loan B-1, 2.50%, 10/31/13                                       | 736   | 695,392    |
| Term Loan B-2, 4.75%, 7/31/16  | 1,470 | 1,383,000  |
| Petco Animal Supplies, Inc., Term Loan B, 4.50%, 11/24/17            | 2,351 | 2,210,175  |
| Toys 'R' Us Delaware, Inc.:  |       |            |
| Initial Loan, 6.00%, 9/01/16   | 1,743 | 1,633,435  |
| Term Loan B, 5.25%, 5/25/18  | 399   | 370,404    |
|  |       | 12,404,604 |

### Wireless Telecommunication Services — 1.5%

|   |       |             |
|---|-------|-------------|
| MetroPCS Wireless, Inc.:                    |       |             |
| Term Loan B, 4.00%, 3/16/18                 | 498   | 466,100     |
| Tranche B-2 Term Loan, 4.07%, 11/04/16      | 981   | 917,626     |
| Vodafone Americas Finance 2, Inc.:          |       |             |
| Initial Loan, 6.88%, 8/11/15                | 1,873 | 1,882,436   |
| Term Loan B, 6.25%, 7/11/16 (d)             | 700   | 703,500     |
|   |       | 3,969,662   |
| Total Floating Rate Loan Interests — 110.8% |       | 287,191,571 |

Beneficial  
Interest  
(000)

### Other Interests (g)

#### Auto Components — 0.8%

|   |      |           |
|---|------|-----------|
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests | —(h) | 1,975,725 |
|---|------|-----------|

#### Diversified Financial Services — 0.3%

|   |      |           |
|---|------|-----------|
| FRA JGW SPV, LLC (J.G. Wentworth LLC Preferred Equity Interests) (c)(i) | —(h) | 742,860   |
| Total Other Interests — 1.1%  |      | 2,718,585 |

### Warrants (j)

Shares

#### Software — 0.0%

|   |        |   |
|---|--------|---|
| HMH Holdings/EduMedia (Expires 3/09/17) | 11,690 | — |
| Total Warrants — 0.0%                   |        | — |
| Total Long-Term Investments             |        |   |

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(Cost — \$377,495,034) — 137.1%

355,344,112

See Notes to Financial Statements.

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

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

| Short-Term Securities  | Shares    | Value         |
|--|-----------|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.07% (k)(l)   | 5,396,667 | \$ 5,396,667  |
| Total Short-Term Securities<br>(Cost — \$5,396,667) — 2.1%   |           | 5,396,667     |
| Options Purchased  | Contracts |               |
| Over-the-Counter Call Options — 0.0%   |           |               |
| Marsico Parent Superholdco LLC,<br>Strike Price USD 942.86, Expires 12/21/19,<br>Broker Goldman Sachs Bank USA | 20        | —             |
| Total Options Purchased (Cost — \$19,556) — 0.0%   |           | —             |
| Total Investments (Cost — \$382,911,257*) — 139.2%   |           | 360,740,779   |
| Liabilities in Excess of Other Assets — (39.2)%  |           | (101,536,195) |
| Net Assets — 100.0%  |           | \$259,204,584 |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 381,527,716  |
| Gross unrealized appreciation | \$ 3,933,687    |
| Gross unrealized depreciation | (24,720,624)    |
| Net unrealized depreciation   | \$ (20,786,937) |

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

(c) Non-income producing security.

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

(e) Convertible security.

(f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(g) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(h) Amount is less than \$500.

(i) The investment is held as a wholly owned subsidiary of the Fund.

(j) 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,

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if any.

(k) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at<br>August 31, 2010 | Net<br>Activity | Shares Held at<br>August 31, 2011 | Income   |
|--|-----------------------------------|-----------------|-----------------------------------|----------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 788,199                           | 4,608,468       | 5,396,667                         | \$ 4,978 |

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

•Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency<br>Purchased | Currency<br>Sold | Counterparty                  | Settlement<br>Date | Unrealized<br>Appreciation<br>(Depreciation) |
|-----------------------|------------------|-------------------------------|--------------------|--|
| USD 2,607,727         | CAD 2,578,500    | Citibank NA                   | 10/07/11           | \$ (23,074)                                  |
| CAD 2,360,000         | USD 2,400,701    | Citibank NA                   | 10/07/11           | 7,168  |
| USD 7,319,092         | EUR 5,105,500    | Citibank NA                   | 10/26/11           | (10,147)                                     |
| USD 468,850           | EUR 325,000      | UBS AG                        | 10/26/11           | 2,294  |
| EUR 210,700           | USD 301,850      | Citibank NA                   | 10/26/11           | 623  |
| USD 1,071,692         | EUR 749,000      | Morgan Stanley<br>Capital     | 10/26/11           | (3,541)                                      |
| USD 199,291           | EUR 140,000      | Citibank NA                   | 10/26/11           | (1,688)                                      |
| EUR 370,000           | USD 526,605      | Deutsche Bank AG              | 10/26/11           | 4,551  |
| USD 1,958,186         | GBP 1,225,500    | Royal Bank<br>of Scotland Plc | 10/07/11           | (30,394)                                     |
| USD 418,552           | GBP 260,000      | Citibank NA                   | 10/07/11           | (3,342)                                      |
| Total                 |                  |                               |                    | \$ (57,550)                                  |

•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 rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

•Fair Value Measurements — Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

•Level 1 — price quotations in active markets/exchanges for identical assets and liabilities

•Level 2 — other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

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BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)  
**Schedule of Investments (concluded)**

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1    | Level 2       | Level 3      | Total          |                              |
|------------------|------------|---------------|--------------|----------------|------------------------------|
| Assets:          |            |               |              |                |                              |
| Investments:     |            |               |              |                |                              |
| Long-Term        |            |               |              |                |                              |
| Investments:     |            |               |              |                |                              |
| Asset-Backed     |            |               |              |                |                              |
| Securities       |            | -\$ 2,735,224 |              | \$ 7,328,370   | \$ 10,063,594                |
| Common Stocks    | \$ 329,506 |               | 312,368      | 191,645        | 833,519                      |
| Corporate Bonds  |            | —             | 52,243,299   | 2,293,544      | 54,536,843                   |
| Floating Rate    |            |               |              |                |                              |
| Loan Interests   |            | —             | 264,113,096  | 23,078,475     | 287,191,571                  |
| Other            |            |               |              |                |                              |
| Interests        |            | —             | 1,975,725    | 742,860        | 2,718,585                    |
| Short-Term       |            |               |              |                |                              |
| Securities       | 5,396,667  |               | —            | —              | 5,396,667                    |
| Liabilities:     |            |               |              |                |                              |
| Unfunded Loan    |            |               |              |                |                              |
| Commitments      |            | —             | (77,372)     | —              | (77,372)                     |
| Total            |            |               | \$ 5,726,173 | \$ 321,302,340 | \$ 33,634,894 \$ 360,663,407 |

| Valuation Inputs                              | Level 1 | Level 2 | Level 3     | Total |             |
|---|---------|---------|-------------|-------|-------------|
| Derivative Financial Instruments <sup>1</sup> |         |         |             |       |             |
| Assets:                                       |         |         |             |       |             |
| Foreign currency                              |         |         |             |       |             |
| exchange                                      |         |         |             |       |             |
| contracts                                     | —       |         | \$ 14,636   | —     | \$ 14,636   |
| Liabilities:                                  |         |         |             |       |             |
| Foreign currency                              |         |         |             |       |             |
| exchange                                      |         |         |             |       |             |
| contracts                                     | —       |         | (72,186)    | —     | (72,186)    |
| Total   | —       |         | \$ (57,550) | —     | \$ (57,550) |

<sup>1</sup> Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation of the instruments.



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The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed<br>Securities | Common<br>Stocks | Corporate<br>Bonds | Floating<br>Rate<br>Loan Interests<br>Interests | Other      | Unfunded Loan<br>Commitments | Total        |
|---|----------------------------|------------------|--------------------|---|------------|------------------------------|--------------|
| Assets/Liabilities:   |                            |                  |                    |   |            |                              |              |
|   |                            |                  |                    | \$  |            |                              |              |
| Balance, as of August 31, 2010                                      | —                          | \$ 472,121       | 1,318,391          | \$39,854,006                                    | \$ 684,050 | \$ (69,105)                  | \$42,259,463 |
| Accrued discounts/premiums  | \$ 66,369                  | —                | 70,543             | 135,670   | —          | —                            | 272,582      |
| Net realized gain (loss)  | —                          | (20,440)         | 11,643             | (671,343)                                       | —          | —                            | (680,140)    |
| Net change in unrealized appreciation/<br>depreciation <sup>2</sup> | (426,551)                  | (205,479)        | 605,021            | 690,209   | 49,831     | 42,838                       | 755,869      |
| Purchases   | 7,688,552                  | —                | 446,652            | 16,038,101                                      | 8,979      | —                            | 24,182,284   |
| Sales   | —                          | (54,557)         | (158,706)          | (27,386,658)                                    | —          | —                            | (27,599,921) |
| Transfers in <sup>3</sup>   | —                          | —                | —                  | 2,922,650                                       | —          | 26,267                       | 2,948,917    |
| Transfers out <sup>3</sup>  | —                          | —                | —                  | (8,504,160)                                     | —          | —                            | (8,504,160)  |
|   |                            |                  |                    | \$  |            |                              |              |
| Balance, as of August 31, 2011                                      | \$ 7,328,370               | \$ 191,645       | 2,293,544          | \$23,078,475                                    | \$ 742,860 | —                            | \$33,634,894 |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(546,270).

<sup>3</sup> The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets.

See Notes to Financial Statements.

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## BlackRock Limited Duration Income Trust (BLW)

## Schedule of Investments August 31, 2011

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| Asset-Backed Securities  |              |              |
| Asset-Backed Securities — 6.3%   |              |              |
| 321 Henderson Receivables I LLC, Series 2010-3A,<br>Class A, 3.82%, 12/15/48 (a)               | USD 4,872    | \$ 4,862,842 |
| ARES CLO Funds, Series 2005-10A, Class B,<br>0.64%, 9/18/17 (a)(b)                             | 1,500        | 1,336,605    |
| Ballyrock CDO Ltd., Series 2006-1A, Class B,<br>0.67%, 8/28/19 (a)(b)                          | 1,500        | 1,177,500    |
| CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16 750   |              | 713,925      |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B,<br>0.73%, 6/19/21 (a)(b)                     | 1,735        | 1,392,077    |
| Capital One Multi-Asset Execution Trust, Series 4-3C,<br>6.63%, 4/19/17 (b)                    | GBP 2,650    | 4,514,966    |
| Conseco Financial Corp., Series 1995-5, Class M1,<br>7.65%, 9/15/26 (b)                        | USD 1,291    | 1,334,755    |
| Countrywide Asset-Backed Certificates (b):   |              |              |
| Series 2007-6, Class 2A1, 0.32%, 9/25/37   | 148          | 144,303      |
| Series 2007-7, Class 2A2, 0.38%, 10/25/47  | 3,230        | 2,544,387    |
| Series 2007-10, Class 2A1, 0.27%, 6/25/47  | 1,857        | 1,771,234    |
| Series 2007-12, Class 2A1, 0.57%, 8/25/47  | 2,186        | 2,016,640    |
| GSAA Trust, Series 2007-3, Class 1A2,<br>0.39%, 3/25/47 (b)                                    | 3,333        | 1,436,561    |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2,<br>0.61%, 10/27/20 (b)                        | 1,330        | 994,175      |
| Portola CLO Ltd., Series 2007-1X, Class B1,<br>1.74%, 11/15/21 (b)                             | 1,770        | 1,577,778    |
| SLC Student Loan Trust, Series 2006-A, Class A4,<br>0.37%, 1/15/19 (b)                         | 1,670        | 1,633,988    |
| Santander Consumer Acquired Receivables Trust,<br>Series 2011-S1A, Class D, 3.15%, 8/15/16 (a) | 3,251        | 3,231,396    |
| Santander Drive Auto Receivables Trust (a):  |              |              |
| Series 2011-S1A, Class D, 3.10%, 5/15/17   | 1,827        | 1,819,788    |
| Series 2011-S2A, Class B, 2.06%, 6/15/17   | 958          | 953,319      |
| Series 2011-S2A, Class C, 2.86%, 6/15/17   | 993          | 988,224      |
| Spirit Issuer Plc, Series A2, 1.91%, 12/28/31 (b)  | GBP 1,800    | 2,395,991    |

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|  |             |                         |
|--|-------------|-------------------------|
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B,<br>0.85%, 7/15/19 (a)(b) | USD 1,515   | 1,353,198<br>38,193,652 |
| <br><b>Interest Only Asset-Backed Securities — 0.3%</b>                    |             |                         |
| Sterling Bank Trust, Series 2004-2, Class Note,<br>2.08%, 3/30/30 (a)      | 12,801      | 1,004,092               |
| Sterling Coofs Trust, Series 1, 2.36%, 4/15/29                             | 11,451      | 908,892<br>1,912,984    |
| <br>Total Asset-Backed Securities — 6.6%                                   |             | <br>40,106,636          |
| <br><b>Common Stocks (c)</b>   |             |                         |
| <b>Construction &amp; Engineering — 0.0%</b>                               |             |                         |
| USI United Subcontractors  | 6,116       | 48,925                  |
| <b>Diversified Financial Services — 0.4%</b>                               |             |                         |
| Kcad Holdings I Ltd.   | 250,932,005 | 2,832,270               |
| <b>Hotels, Restaurants &amp; Leisure — 0.1%</b>                            |             |                         |
| BLB Worldwide Holdings, Inc.   | 51,947      | 515,158                 |
| <b>Metals &amp; Mining — 0.0%</b>  |             |                         |
| Euramax International  | 234         | 65,436                  |
| <b>Software — 0.1%</b>   |             |                         |
| Bankruptcy Management Solutions, Inc.                                      | 880         | 4                       |
| HMH Holdings/EduMedia  | 238,664     | 477,328<br>477,332      |
| <br>Total Common Stocks — 0.6%   |             | <br>3,939,121           |
| <br><br>   |             |                         |
|  | Par         |                         |
| Corporate Bonds  | (000)       | Value                   |
| <b>Aerospace &amp; Defense — 0.3%</b>                                      |             |                         |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17              | USD 1,966   | \$ 2,032,589            |
| <b>Airlines — 1.5%</b>   |             |                         |
| American Airlines, Inc., 10.50%, 10/15/12                                  | 2,890       | 2,980,312               |
| Continental Airlines, Inc., 6.75%, 9/15/15 (a)(d)                          | 1,350       | 1,316,250               |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 (d)                       | 1,005       | 1,029,776               |
| US Airways Pass-Through Trust, 10.88%, 10/22/14                            | 1,625       | 1,584,375               |
| United Air Lines, Inc., 12.75%, 7/15/12 (d)                                | 2,455       | 2,565,684<br>9,476,397  |
| <br><b>Auto Components — 0.4%</b>  |             |                         |
| B-Corp Merger Sub, Inc., 8.25%, 6/01/19 (a)                                | 240         | 223,200                 |
| Delphi Corp., 6.13%, 5/15/21 (a)(d)  | 780         | 752,700                 |
| Titan International, Inc., 7.88%, 10/01/17                                 | 1,330       | 1,396,500               |

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|  |           |            |
|--|-----------|------------|
|  |           | 2,372,400  |
| <b>Beverages — 0.1%</b>                                |           |            |
| Crown European Holdings SA, 7.13%, 8/15/18 (a)         | EUR 585   | 810,941    |
| <b>Building Products — 0.7%</b>                        |           |            |
| Building Materials Corp. of America (a)(d):            |           |            |
| 7.00%, 2/15/20   | USD 1,345 | 1,345,000  |
| 6.75%, 5/01/21   | 1,120     | 1,072,400  |
| Momentive Performance Materials, Inc., 9.00%, 1/15/21  | 1,890     | 1,615,950  |
|  |           | 4,033,350  |
| <b>Capital Markets — 0.9%</b>                          |           |            |
| American Capital Ltd., 7.96%, 12/31/13 (d)(e)          | 1,675     | 1,663,241  |
| E*Trade Financial Corp.:                               |           |            |
| 12.50%, 11/30/17 (f)                                   | 2,035     | 2,340,250  |
| 4.22%, 8/31/19 (a)(g)(h)                               | 249       | 297,555    |
| SteelRiver Transmission Co. LLC, 4.71%, 6/30/17 (a)(d) | 1,284     | 1,329,006  |
|  |           | 5,630,052  |
| <b>Chemicals — 1.6%</b>                                |           |            |
| American Pacific Corp., 9.00%, 2/01/15                 | 1,100     | 1,080,750  |
| Celanese US Holdings LLC, 5.88%, 6/15/21 (d)           | 805       | 807,012    |
| Hexion US Finance Corp., 9.00%, 11/15/20               | 735       | 641,288    |
| Kinove German Bondco GmbH, 9.63%, 6/15/18 (a)          | 1,000     | 960,000    |
| Nova Chemicals Corp., 8.38%, 11/01/16 (d)              | 5,500     | 5,905,625  |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (a)                | 418       | 413,820    |
|  |           | 9,808,495  |
| <b>Commercial Banks — 1.8%</b>                         |           |            |
| CIT Group, Inc., 5.25%, 4/01/14 (a)(d)                 | 5,500     | 5,321,250  |
| Regions Financial Corp. (d):                           |           |            |
| 6.38%, 5/15/12   | 4,590     | 4,590,000  |
| 4.88%, 4/26/13   | 1,355     | 1,314,350  |
|  |           | 11,225,600 |
| <b>Commercial Services &amp; Supplies — 0.8%</b>       |           |            |
| ACCO Brands Corp., 10.63%, 3/15/15 (d)                 | 1,425     | 1,558,594  |
| ARAMARK Corp., 8.50%, 2/01/15                          | 1,195     | 1,233,837  |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a)     | 1,240     | 1,168,700  |
| Mobile Mini, Inc., 7.88%, 12/01/20                     | 915       | 889,838    |
| West Corp., 8.63%, 10/01/18                            | 165       | 160,875    |
|  |           | 5,011,844  |
| <b>Communications Equipment — 0.5%</b>                 |           |            |
| Avaya, Inc.:   |           |            |
| 9.75%, 11/01/15  | 510       | 433,500    |
| 10.13%, 11/01/15 (f)                                   | 1,480     | 1,278,350  |

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|                                      |     |           |
|--------------------------------------|-----|-----------|
| 7.00%, 4/01/19 (a)                   | 400 | 360,000   |
| EH Holding Corp., 6.50%, 6/15/19 (a) | 850 | 850,000   |
|                                      |     | 2,921,850 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW)

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Corporate Bonds  |              |            |
| Consumer Finance — 1.0%                                  |              |            |
| Credit Acceptance Corp., 9.13%, 2/01/17 (a)(d)           | USD 910      | \$ 919,100 |
| Ford Motor Credit Co. LLC:                               |              |            |
| 3.00%, 1/13/12 (b)(d)                                    | 565          | 565,011    |
| 7.80%, 6/01/12 (d)                                       | 1,665        | 1,714,987  |
| 7.00%, 4/15/15   | 400          | 427,000    |
| 6.63%, 8/15/17 (d)                                       | 1,066        | 1,115,990  |
| Hyundai Capital America, 3.75%, 4/06/16 (a)(d)           | 1,285        | 1,325,458  |
|  |              | 6,067,546  |
| Containers & Packaging — 1.0%                            |              |            |
| Ardagh Packaging Finance Plc, 7.38%, 10/15/17 (a)        | EUR 695      | 935,970    |
| Berry Plastics Corp., 8.25%, 11/15/15 (d)                | USD 2,400    | 2,472,000  |
| Graphic Packaging International, Inc., 9.50%, 6/15/17    | 510          | 554,625    |
| Pregis Corp., 12.38%, 10/15/13                           | 695          | 639,400    |
| Smurfit Kappa Acquisitions (a):                          |              |            |
| 7.25%, 11/15/17  | EUR 570      | 786,054    |
| 7.75%, 11/15/19  | 726          | 995,969    |
|  |              | 6,384,018  |
| Diversified Financial Services — 4.3%                    |              |            |
| Ally Financial, Inc.:                                    |              |            |
| 8.30%, 2/12/15 (d)                                       | USD 2,460    | 2,583,000  |
| 7.50%, 9/15/20 (d)                                       | 1,630        | 1,601,475  |
| 8.00%, 11/01/31  | 3,670        | 3,568,119  |
| Bank of America Corp., 4.50%, 4/01/15 (d)                | 709          | 715,893    |
| Citigroup, Inc., 4.75%, 5/19/15 (d)                      | 3,000        | 3,128,709  |
| Forethought Financial Group, Inc., 8.63%, 4/15/21 (a)(d) | 750          | 773,687    |
| JPMorgan Chase & Co., 3.40%, 6/24/15 (d)                 | 6,000        | 6,182,778  |
| Reynolds Group DL Escrow, Inc., 8.75%, 10/15/16 (d)      | 2,125        | 2,172,812  |
| Reynolds Group Issuer, Inc. (a):                         |              |            |
| 8.75%, 10/15/16  | EUR 340      | 473,758    |
| 7.13%, 4/15/19 (d)                                       | USD 1,990    | 1,885,525  |
| 7.88%, 8/15/19   | 865          | 856,350    |
| 6.88%, 2/15/21 (d)                                       | 1,475        | 1,371,750  |
| 8.25%, 2/15/21   | 870          | 732,975    |

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|  |           |              |
|--|-----------|--------------|
| WMG Acquisition Corp., 9.50%, 6/15/16 (a)                        | 280       | 285,600      |
|  |           | 26,332,431   |
| <b>Diversified Telecommunication Services — 2.8%</b>             |           |              |
| ITC Deltacom, Inc., 10.50%, 4/01/16                              | 1,350     | 1,383,750    |
| Level 3 Escrow, Inc., 8.13%, 7/01/19 (a)                         | 2,393     | 2,273,350    |
| Level 3 Financing, Inc.:   |           |              |
| 4.20%, 2/15/15 (b)   | 1,725     | 1,500,750    |
| 8.75%, 2/15/17   | 1,175     | 1,151,500    |
| Qwest Communications International, Inc. (d):                    |           |              |
| 7.50%, 2/15/14   | 610       | 617,625      |
| 8.00%, 10/01/15  | 2,500     | 2,668,750    |
| Series B, 7.50%, 2/15/14   | 3,470     | 3,513,375    |
| Qwest Corp., 8.38%, 5/01/16 (d)                                  | 2,590     | 2,952,600    |
| TW Telecom Holdings, Inc., 8.00%, 3/01/18                        | 470       | 484,100      |
| Windstream Corp., 8.13%, 8/01/13                                 | 590       | 626,875      |
|  |           | 17,172,675   |
| <b>Electronic Equipment, Instruments &amp; Components — 1.4%</b> |           |              |
| Agilent Technologies, Inc., 4.45%, 9/14/12 (d)                   | 7,325     | 7,561,971    |
| CDW LLC, 8.00%, 12/15/18 (a)                                     | 870       | 861,300      |
|  |           | 8,423,271    |
| <b>Energy Equipment &amp; Services — 0.6%</b>                    |           |              |
| Compagnie Generale de Geophysique — Veritas,                     |           |              |
| 7.75%, 5/15/17   | 330       | 331,650      |
| Frac Tech Services LLC, 7.13%, 11/15/18 (a)(d)                   | 1,690     | 1,749,150    |
| Key Energy Services, Inc., 6.75%, 3/01/21 (d)                    | 1,040     | 1,019,200    |
| Oil States International, Inc., 6.50%, 6/01/19 (a)               | 465       | 465,000      |
| SunCoke Energy, Inc., 7.63%, 8/01/19 (a)                         | 260       | 255,450      |
|  |           | 3,820,450    |
|  | Par       |              |
| Corporate Bonds  | (000)     | Value        |
| <b>Food Products — 0.2%</b>                                      |           |              |
| Del Monte Foods Co., 7.63%, 2/15/19 (a)                          | USD 1,300 | \$ 1,290,250 |
| JBS USA LLC, 7.25%, 6/01/21 (a)                                  | 210       | 190,837      |
|  |           | 1,481,087    |
| <b>Gas Utilities — 0.5%</b>                                      |           |              |
| Florida Gas Transmission Co. LLC,                                |           |              |
| 4.00%, 7/15/15 (a)(d)  | 2,000     | 2,139,788    |
| Targa Resources Partners LP, 6.88%, 2/01/21 (a)(d)               | 690       | 683,100      |
|  |           | 2,822,888    |

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### Health Care Equipment & Supplies — 1.2%

|                                      |       |           |
|--------------------------------------|-------|-----------|
| CareFusion Corp., 5.13%, 8/01/14 (d) | 3,000 | 3,300,993 |
| DJO Finance LLC:                     |       |           |
| 10.88%, 11/15/14 (d)                 | 2,625 | 2,713,594 |
| 7.75%, 4/15/18 (a)                   | 540   | 502,200   |
| Teleflex, Inc., 6.88%, 6/01/19       | 675   | 669,937   |
|                                      |       | 7,186,724 |

### Health Care Providers & Services — 2.2%

|   |       |            |
|---|-------|------------|
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 | 645   | 641,775    |
| HCA, Inc.:                                    |       |            |
| 6.50%, 2/15/20                                | 2,845 | 2,877,006  |
| 7.25%, 9/15/20 (d)                            | 1,575 | 1,618,313  |
| Tenet Healthcare Corp. (d):                   |       |            |
| 9.00%, 5/01/15                                | 752   | 797,120    |
| 10.00%, 5/01/18                               | 6,742 | 7,416,200  |
|   |       | 13,350,414 |

### Health Care Technology — 0.8%

|  |       |           |
|--|-------|-----------|
| IMS Health, Inc., 12.50%, 8/20/17 (a)(d) | 4,300 | 4,945,000 |
|--|-------|-----------|

### Hotels, Restaurants & Leisure — 2.9%

|  |           |            |
|--|-----------|------------|
| Enterprise Inns Plc:                       |           |            |
| 6.50%, 12/06/18                            | GBP 2,232 | 2,753,637  |
| 6.88%, 2/15/21                             | 2,070     | 2,536,975  |
| MGM Resorts International, 10.38%, 5/15/14 | USD 1,135 | 1,245,662  |
| Punch Taverns Finance B, Ltd., Series A7,  |           |            |
| 4.77%, 6/30/33                             | GBP 1,313 | 1,695,086  |
| Spirit Issuer Plc (b):                     |           |            |
| 1.05%, 12/28/28                            | 3,325     | 3,886,181  |
| 5.47%, 12/28/34                            | 4,500     | 5,624,735  |
| Tropicana Entertainment LLC, Series WI,    |           |            |
| 9.63%, 12/15/14 (c)(i)                     | USD 375   | 37         |
|  |           | 17,742,313 |

### Household Durables — 1.0%

|  |       |           |
|--|-------|-----------|
| Beazer Homes USA, Inc.:                          |       |           |
| 12.00%, 10/15/17                                 | 3,800 | 3,857,000 |
| 9.13%, 6/15/18                                   | 100   | 69,375    |
| Berkline/Benchcraft, LLC, 4.50%, 11/03/12 (c)(i) | 200   | —         |
| Standard Pacific Corp.:                          |       |           |
| 8.38%, 5/15/18                                   | 490   | 429,975   |
| 8.38%, 1/15/21                                   | 1,720 | 1,479,200 |
|  |       | 5,835,550 |

### IT Services — 0.8%



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|  |       |            |
|--|-------|------------|
| Eagle Parent Canada, Inc., 8.63%, 5/01/19 (a)                  | 1,650 | 1,518,000  |
| First Data Corp. (a):  |       |            |
| 7.38%, 6/15/19   | 2,010 | 1,889,400  |
| 12.63%, 1/15/21  | 1,413 | 1,335,285  |
|  |       | 4,742,685  |
| <br>   |       |            |
| <b>Independent Power Producers &amp; Energy Traders — 2.1%</b> |       |            |
| The AES Corp.:   |       |            |
| 7.75%, 10/15/15 (d)  | 2,440 | 2,562,000  |
| 9.75%, 4/15/16   | 710   | 784,550    |
| 7.38%, 7/01/21 (a)   | 580   | 585,800    |
| Calpine Corp., 7.50%, 2/15/21 (a)                              | 1,020 | 1,030,200  |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (d)              | 3,870 | 3,884,981  |
| Energy Future Intermediate Holding Co. LLC,                    |       |            |
| 10.00%, 12/01/20   | 2,720 | 2,744,129  |
| NRG Energy, Inc., 7.63%, 1/15/18 (a)                           | 965   | 955,350    |
|  |       | 12,547,010 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW)

**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| Corporate Bonds                                   |              |              |
| Industrial Conglomerates — 1.5%                   |              |              |
| Sequa Corp. (a):                                  |              |              |
| 11.75%, 12/01/15                                  | USD 2,950    | \$ 3,068,000 |
| 13.50%, 12/01/15                                  | 5,870        | 6,222,199    |
|   |              | 9,290,199    |
| Insurance — 1.2%                                  |              |              |
| Allied World Assurance Co. Holdings, Ltd.,        |              |              |
| 7.50%, 8/01/16 (d)                                | 3,000        | 3,459,786    |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a)     | 2,353        | 2,447,120    |
| Genworth Financial, Inc., 7.63%, 9/24/21 (d)      | 990          | 878,654      |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a) | 595          | 571,200      |
|   |              | 7,356,760    |
| Machinery — 0.3%                                  |              |              |
| AGY Holding Corp., 11.00%, 11/15/14               | 1,500        | 1,314,375    |
| Navistar International Corp., 8.25%, 11/01/21 (d) | 400          | 414,000      |
|   |              | 1,728,375    |
| Media — 5.7%                                      |              |              |
| AMC Networks, Inc., 7.75%, 7/15/21 (a)            | 525          | 543,375      |
| CCH II LLC, 13.50%, 11/30/16 (d)                  | 4,106        | 4,742,474    |
| CCO Holdings LLC (d):                             |              |              |
| 7.25%, 10/30/17                                   | 720          | 742,500      |
| 7.88%, 4/30/18                                    | 1,525        | 1,586,000    |
| CMP Susquehanna Corp., 3.52%, 5/15/14             | 194          | 184,300      |
| Cengage Learning Acquisitions, Inc.,              |              |              |
| 10.50%, 1/15/15 (a)                               | 1,480        | 1,139,600    |
| Checkout Holding Corp., 10.97%, 11/15/15 (a)(g)   | 1,570        | 926,300      |
| Clear Channel Worldwide Holdings, Inc.:           |              |              |
| 9.25%, 12/15/17                                   | 933          | 988,980      |
| Series B, 9.25%, 12/15/17 (d)                     | 5,272        | 5,641,040    |
| DIRECTV Holdings LLC, 3.13%, 2/15/16 (d)          | 3,000        | 3,090,705    |
| DISH DBS Corp.:                                   |              |              |
| 7.00%, 10/01/13 (d)                               | 1,450        | 1,520,687    |
| 7.13%, 2/01/16                                    | 200          | 204,000      |
| 6.75%, 6/01/21 (a)                                | 660          | 664,950      |

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Intelsat Luxembourg S.A.:

|   |       |            |
|---|-------|------------|
| 11.25%, 2/04/17   | 300   | 291,000    |
| 11.50%, 2/04/17 (f)   | 180   | 174,825    |
| Interactive Data Corp., 10.25%, 8/01/18   | 2,460 | 2,607,600  |
| Kabel BW Erste Beteiligungs GmbH, 7.50%, 3/15/19 (a)                              | 1,440 | 1,418,400  |
| NAI Entertainment Holdings LLC,<br>8.25%, 12/15/17 (a)(d)                         | 1,445 | 1,459,450  |
| Nielsen Finance LLC, 7.75%, 10/15/18  | 1,400 | 1,445,500  |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(c)(h)(i)                                   | 3,454 | 1,727      |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC<br>Germany GmbH), 8.13%, 12/01/17 (a)(d) | 4,090 | 4,171,800  |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 (d)                              | 1,000 | 1,065,000  |
|   |       | 34,610,213 |

Metals & Mining — 2.1%

|   |           |            |
|---|-----------|------------|
| FMG Resources August 2006 Property Ltd.,<br>7.00%, 11/01/15 (a) | 2,895     | 2,887,763  |
| Freeport-McMoRan Copper & Gold, Inc.,<br>8.38%, 4/01/17 (d)     | 3,000     | 3,236,250  |
| JMC Steel Group, 8.25%, 3/15/18 (a)                             | 470       | 459,425    |
| New World Resources NV, 7.88%, 5/01/18                          | EUR 995   | 1,364,999  |
| Novelis, Inc., 8.75%, 12/15/20 (d)                              | USD 4,125 | 4,341,563  |
| Vulcan Materials Co., 7.50%, 6/15/21                            | 535       | 526,928    |
|   |           | 12,816,928 |

Multiline Retail — 0.4%

|  |       |           |
|--|-------|-----------|
| Dollar General Corp., 11.88%, 7/15/17 (d)(f) | 2,458 | 2,722,235 |
|--|-------|-----------|

Oil, Gas & Consumable Fuels — 6.1%

Alpha Natural Resources, Inc.:

|  |       |           |
|--|-------|-----------|
| 6.00%, 6/01/19                               | 385   | 376,338   |
| 6.25%, 6/01/21                               | 650   | 636,187   |
| Anadarko Petroleum Corp., 5.95%, 9/15/16 (d) | 3,000 | 3,372,267 |

|                 |       |       |
|-----------------|-------|-------|
|                 | Par   |       |
| Corporate Bonds | (000) | Value |

Oil, Gas & Consumable Fuels (concluded)

Arch Coal, Inc. (a):

|  |         |            |
|--|---------|------------|
| 7.00%, 6/15/19                                   | USD 305 | \$ 300,425 |
| 7.25%, 6/15/21                                   | 990     | 975,150    |
| BP Capital Markets Plc, 5.25%, 11/07/13 (d)      | 6,000   | 6,490,986  |
| Berry Petroleum Co., 8.25%, 11/01/16 (d)         | 550     | 567,875    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)(d) | 634     | 672,040    |

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|   |       |            |
|---|-------|------------|
| Consol Energy, Inc., 8.25%, 4/01/20 (d)             | 2,150 | 2,311,250  |
| Crosstex Energy LP, 8.88%, 2/15/18                  | 135   | 139,725    |
| Denbury Resources, Inc. (d):                        |       |            |
| 8.25%, 2/15/20                                      | 971   | 1,023,191  |
| 6.38%, 8/15/21                                      | 810   | 793,800    |
| El Paso Corp., 7.00%, 6/15/17 (d)                   | 2,265 | 2,517,131  |
| Forest Oil Corp., 8.50%, 2/15/14                    | 255   | 272,850    |
| Linn Energy LLC:                                    |       |            |
| 8.63%, 4/15/20                                      | 1,000 | 1,070,000  |
| 7.75%, 2/01/21 (a)                                  | 1,470 | 1,499,400  |
| Niska Gas Storage US LLC, 8.88%, 3/15/18            | 950   | 959,500    |
| OGX Petroleo e Gas Participacoes SA,                |       |            |
| 8.50%, 6/01/18 (a)                                  | 4,340 | 4,350,850  |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (a)           | 475   | 465,500    |
| Petrohawk Energy Corp.:                             |       |            |
| 10.50%, 8/01/14                                     | 840   | 949,200    |
| 7.88%, 6/01/15                                      | 1,130 | 1,220,400  |
| 7.25%, 8/15/18                                      | 740   | 863,025    |
| 6.25%, 6/01/19 (a)                                  | 1,300 | 1,511,250  |
| Plains Exploration & Production Co., 7.75%, 6/15/15 | 750   | 772,500    |
| Range Resources Corp., 5.75%, 6/01/21 (d)           | 1,735 | 1,743,675  |
| SandRidge Energy, Inc., 7.50%, 3/15/21 (a)          | 1,160 | 1,131,000  |
|   |       | 36,985,515 |
| <b>Paper &amp; Forest Products — 0.6%</b>           |       |            |
| Longview Fibre Paper & Packaging, Inc.,             |       |            |
| 8.00%, 6/01/16 (a)                                  | 395   | 391,050    |
| NewPage Corp., 11.38%, 12/31/14 (c)(d)(i)           | 3,445 | 3,031,600  |
|   |       | 3,422,650  |
| <b>Pharmaceuticals — 0.4%</b>                       |       |            |
| Valeant Pharmaceuticals International,              |       |            |
| 6.50%, 7/15/16 (a)(d)                               | 2,310 | 2,194,500  |
| <b>Professional Services — 0.2%</b>                 |       |            |
| FTI Consulting, Inc.:                               |       |            |
| 7.75%, 10/01/16                                     | 350   | 356,125    |
| 6.75%, 10/01/20                                     | 810   | 798,862    |
|   |       | 1,154,987  |
| <b>Real Estate Investment Trusts (REITs) — 0.4%</b> |       |            |
| FelCor Lodging LP, 6.75%, 6/01/19 (a)               | 1,610 | 1,513,400  |
| Ventas Realty LP/Ventas Capital Corp.,              |       |            |
| 4.75%, 6/01/21 (d)                                  | 1,300 | 1,253,695  |
|   |       | 2,767,095  |

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### Real Estate Management & Development — 1.7%

#### Realogy Corp.:

|                                   |           |            |
|-----------------------------------|-----------|------------|
| 11.50%, 4/15/17                   | 1,850     | 1,470,750  |
| 12.00%, 4/15/17                   | 225       | 180,000    |
| 7.88%, 2/15/19 (a)                | 3,140     | 2,606,200  |
| Shea Homes LP, 8.63%, 5/15/19 (a) | 855       | 722,475    |
| The Unique Pub Finance Co. Plc:   |           |            |
| Series A3, 6.54%, 3/30/21         | GBP 1,700 | 2,083,506  |
| Series A4, 5.66%, 6/30/27         | 509       | 526,741    |
| Series M, 7.40%, 3/28/24          | 2,750     | 2,901,649  |
|                                   |           | 10,491,321 |

### Road & Rail — 1.4%

|  |           |           |
|--|-----------|-----------|
| Asciano Finance Ltd., 3.13%, 9/23/15 (a)(d)          | USD 3,400 | 3,461,169 |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19           | 375       | 362,813   |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (a) | 530       | 527,350   |
| The Hertz Corp. (a):                                 |           |           |
| 7.50%, 10/15/18                                      | 635       | 622,300   |
| 6.75%, 4/15/19                                       | 1,030     | 960,475   |
| 7.38%, 1/15/21                                       | 2,585     | 2,468,675 |
|  |           | 8,402,782 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW)  
**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| Corporate Bonds   |              |              |
| Semiconductors & Semiconductor Equipment — 0.5%         |              |              |
| National Semiconductor Corp., 6.15%, 6/15/12 (d)        | USD 3,000    | \$ 3,096,435 |
| Specialty Retail — 0.5%                                 |              |              |
| Best Buy Co., Inc., 3.75%, 3/15/16                      | 3,000        | 3,024,480    |
| Tobacco — 0.5%  |              |              |
| Reynolds American, Inc., 7.63%, 6/01/16 (d)             | 2,500        | 3,012,545    |
| Transportation Infrastructure — 0.1%                    |              |              |
| Aguila 3 SA, 7.88%, 1/31/18 (a)                         | 498          | 468,120      |
| Wireless Telecommunication Services — 1.8%              |              |              |
| Cricket Communications, Inc.:                           |              |              |
| 10.00%, 7/15/15   | 110          | 113,712      |
| 7.75%, 5/15/16 (d)                                      | 2,250        | 2,278,125    |
| Crown Castle Towers LLC, 4.52%, 1/15/35 (a)(d)          | 3,000        | 3,175,098    |
| Digicel Group Ltd. (a):                                 |              |              |
| 8.88%, 1/15/15  | 720          | 720,000      |
| 9.13%, 1/15/15  | 2,267        | 2,267,000    |
| 8.25%, 9/01/17  | 1,335        | 1,335,000    |
| Sprint Capital Corp., 8.38%, 3/15/12 (d)                | 925          | 952,750      |
|   |              | 10,841,685   |
| Total Corporate Bonds — 56.8%                           |              | 346,564,405  |
| Floating Rate Loan Interests (b)                        |              |              |
| Aerospace & Defense — 0.2%                              |              |              |
| TransDigm, Inc., Term Loan (First Lien), 4.00%, 2/14/17 | 1,493        | 1,432,800    |
| Airlines — 0.2%   |              |              |
| Delta Air Lines, Inc., Credit New Term Loan B,          |              |              |
| 5.50%, 4/20/17  | 1,400        | 1,290,338    |
| Auto Components — 1.1%                                  |              |              |
| Allison Transmission, Inc., Term Loan, 2.96%, 8/07/14   | 4,707        | 4,413,100    |
| Autoparts Holdings, Ltd.:                               |              |              |
| First Lien Term Loan, 6.50%, 7/28/17                    | 1,000        | 980,000      |
| Second Lien Term Loan, 10.50%, 1/29/18                  | 1,500        | 1,477,500    |
|   |              | 6,870,600    |
| Automobiles — 0.2%                                      |              |              |
| Ford Motor Co.:   |              |              |

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|  |     |           |
|--|-----|-----------|
| Tranche B-1 Term Loan, 2.96%, 12/16/13 | 907 | 890,647   |
| Tranche B-2 Term Loan, 2.96%, 12/16/13 | 189 | 185,369   |
|  |     | 1,076,016 |

### Beverages — 0.1%

|   |       |         |
|---|-------|---------|
| Le-Nature's, Inc., Tranche B Term Loan, 3/01/11 (i) | 1,000 | 310,000 |
|---|-------|---------|

### Building Products — 1.5%

|  |           |           |
|--|-----------|-----------|
| CPG International I, Inc., Term Loan B, 6.00%, 2/18/17   | 995       | 930,325   |
| Goodman Global, Inc.:  |           |           |
| Initial Term Loan (First Lien), 5.75%, 10/28/16  | 4,548     | 4,470,170 |
| Term Loan (Second Lien), 9.00%, 10/30/17   | 1,800     | 1,809,000 |
| Momentive Performance Materials (Blitz 06-103 GmbH),<br>Tranche B-2B Term Loan, 4.79%, 5/05/15 | EUR 1,524 | 1,963,497 |
| United Subcontractors, Inc., Term Loan (First Lien),<br>4.25%, 6/30/15                         | USD 143   | 121,834   |
|  |           | 9,294,826 |

### Capital Markets — 0.6%

|  |       |           |
|--|-------|-----------|
| HarbourVest Partners, Term Loan (First Lien),<br>6.25%, 12/14/16 | 2,492 | 2,416,781 |
| Marsico Parent Co., LLC, Term Loan, 5.25%, 12/14/14              | 369   | 206,424   |
| Nuveen Investments, Inc. (First Lien):                           |       |           |
| 3.25%, 11/13/14  | 198   | 182,685   |
| 5.75% – 5.81%, 5/12/17   | 1,137 | 1,061,939 |
|  |       | 3,867,829 |

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| Floating Rate Loan Interests (b)   |              |              |
| <b>Chemicals — 2.3%</b>  |              |              |
| Ashland, Inc., Term Loan B, 3.75%, 7/30/18   | USD 1,500    | \$ 1,466,520 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16   | 1,300        | 1,271,829    |
| Gentek, Inc., Term Loan B, 5.00% – 5.75%, 10/06/15   | 1,102        | 1,028,074    |
| MDI Holdings, LLC (FKA MacDermid, Inc.), Tranche C<br>Term Loan, 3.54%, 4/11/14                      | EUR 462      | 631,526      |
| Nexeo Solutions, LLC, Term Loan B, 5.00%, 9/08/17  | USD 1,297    | 1,194,086    |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original<br>Term Loan (First Lien), 3.48% – 3.51%, 7/30/14 | 1,423        | 1,300,823    |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17   | 2,287        | 2,101,185    |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 10/15/15  | 2,637        | 2,607,087    |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17  | 2,786        | 2,570,781    |
|  |              | 14,171,911   |

### Commercial Services & Supplies — 1.8%

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|  |       |            |
|--|-------|------------|
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                   | 1,172 | 1,128,168  |
| Adesa, Inc. (KAR Holdings, Inc.), Term Loan B,<br>5.00%, 5/19/17                               | 1,500 | 1,425,000  |
| Altegrity, Inc. (FKA US Investigations Services, Inc.),<br>Tranche D Term Loan, 7.75%, 2/20/15 | 3,718 | 3,618,116  |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16   | 1,454 | 1,444,149  |
| Synagro Technologies, Inc., Term Loan (First Lien),<br>2.21% – 2.23%, 4/02/14                  | 1,147 | 995,579    |
| Volume Services America, Inc. (Centerplate),<br>Term Loan B, 10.50% – 10.75%, 9/16/16          | 2,581 | 2,468,687  |
|  |       | 11,079,699 |
| <b>Communications Equipment — 0.9%</b>   |       |            |
| Avaya, Inc.:   |       |            |
| Term Loan B, 3.06%, 10/24/14   | 1,866 | 1,659,820  |
| Term Loan B-3, 4.81%, 10/26/17   | 2,692 | 2,319,059  |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18   | 1,247 | 1,197,000  |
|  |       | 5,175,879  |
| <b>Construction &amp; Engineering — 0.6%</b>   |       |            |
| Safway Services, LLC, First Out Tranche Loan,<br>9.00%, 12/16/17                               | 3,750 | 3,750,000  |
| <b>Consumer Finance — 0.4%</b>   |       |            |
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.),<br>Term Loan, 5.50%, 5/10/17          | 2,500 | 2,315,625  |
| <b>Containers &amp; Packaging — 0.3%</b>   |       |            |
| Graham Packaging Co., LP, Term Loan D,<br>6.00%, 9/23/16                                       | 1,489 | 1,473,862  |
| <b>Diversified Consumer Services — 1.8%</b>  |       |            |
| Coinmach Service Corp., Term Loan,<br>3.22% – 3.30%, 11/20/14                                  | 4,595 | 3,997,857  |
| Laureate Education, Extended Term Loan, 5.25%, 8/15/18   | 4,599 | 4,061,660  |
| ServiceMaster Co.:   |       |            |
| Closing Date Term Loan, 2.69% – 2.76%, 7/24/14   | 2,512 | 2,320,428  |
| Delayed Draw Term Loan, 2.72%, 7/24/14   | 250   | 231,080    |
|  |       | 10,611,025 |
| <b>Diversified Telecommunication Services — 1.0%</b>   |       |            |
| Hawaiian Telcom Communications, Inc., Term Loan,<br>9.00%, 11/01/15 (f)                        | 2,167 | 2,164,123  |
| Level 3 Financing, Inc.:   |       |            |
| Incremental Tranche A Term Loan,<br>2.49% – 2.50%, 3/13/14                                     | 1,150 | 1,062,600  |



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|   |       |           |
|---|-------|-----------|
| Term Loan B2, 4.51%, 9/03/18  | 3,000 | 2,827,500 |
|   |       | 6,054,223 |
| <br><b>Electric Utilities — 0.1%</b>                                |       |           |
| TPF Generation Holdings LLC:  |       |           |
| Synthetic Letter of Credit Deposit (First Lien),<br>2.25%, 12/13/13 | 151   | 141,059   |
| Synthetic Revolving Deposit, 2.25%, 12/15/11                        | 47    | 44,219    |
| Term Loan (First Lien), 2.25%, 12/13/13                             | 269   | 252,282   |
|   |       | 437,560   |

See Notes to Financial Statements.

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## BlackRock Limited Duration Income Trust (BLW)

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Floating Rate Loan Interests (b)  |              |            |
| <b>Electronic Equipment, Instruments &amp; Components — 1.2%</b>        |              |            |
| Aeroflex Inc., Term Loan B, 4.25%, 5/09/18                              | USD 850      | \$ 786,956 |
| CDW LLC (FKA CDW Corp.):  |              |            |
| Extended Term Loan B, 4.25%, 7/14/17                                    | 2,021        | 1,834,182  |
| Non-Extended Term Loan, 3.71%, 10/10/14                                 | 3,012        | 2,831,204  |
| Sensata Technologies Finance Company, LLC,<br>Term Loan, 4.00%, 5/11/18 | 1,700        | 1,634,125  |
|   |              | 7,086,467  |
| <b>Energy Equipment &amp; Services — 1.6%</b>                           |              |            |
| CCS Corp., Tranche B Term Loan, 3.25%, 11/14/14                         | 1,648        | 1,461,450  |
| Dynegy Holdings, Inc.:  |              |            |
| Coal Co. Term Loan, 9.25%, 8/04/16                                      | 2,332        | 2,252,315  |
| Gas Co. Term Loan, 9.25%, 8/04/16                                       | 4,268        | 4,193,310  |
| MEG Energy Corp., Tranche D Term Loan,<br>4.00%, 3/16/18                | 2,000        | 1,912,500  |
|   |              | 9,819,575  |
| <b>Food &amp; Staples Retailing — 0.5%</b>                              |              |            |
| US Foodservice, Inc., Term Loan B:                                      |              |            |
| 2.71% – 2.72%, 7/03/14  | 1,859        | 1,663,860  |
| 5.75%, 3/31/17  | 1,646        | 1,530,664  |
|   |              | 3,194,524  |
| <b>Food Products — 1.3%</b>   |              |            |
| Advance Pierre Foods, Term Loan (Second Lien):                          |              |            |
| 7.00%, 9/30/16  | 4,069        | 3,934,476  |
| 11.25%, 9/29/17   | 1,300        | 1,274,000  |
| Del Monte Corp., Term Loan B, 4.50%, 3/08/18                            | 1,600        | 1,508,000  |
| Pinnacle Foods Finance LLC, Tranche D Term Loan,<br>6.00%, 4/02/14      | 1,198        | 1,181,407  |
| Solvest, Ltd. (Dole):   |              |            |
| Tranche B-1 Term Loan, 5.00% – 6.00%, 7/06/18                           | 98           | 94,138     |
| Tranche C-1 Term Loan, 5.00% – 6.00%, 7/06/18                           | 182          | 174,828    |
|   |              | 8,166,849  |
| <b>Health Care Equipment &amp; Supplies — 0.2%</b>                      |              |            |
| Biomet, Inc., Dollar Term Loan, 3.22% – 3.25%, 3/25/15                  | 370          | 351,130    |

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|   |       |            |
|---|-------|------------|
| lasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                         | 1,190 | 1,097,180  |
|   |       | 1,448,310  |
| <b>Health Care Providers &amp; Services — 3.0%</b>                      |       |            |
| Ardent Health Services, Term Loan, 6.50%, 9/15/15                       | 1     | 1,240      |
| CHS/Community Health Systems, Inc.:                                     |       |            |
| Delayed Draw Term Loan, 2.47% – 2.57%, 7/25/14                          | 116   | 107,614    |
| Non Extended Term Loan, 2.47% – 2.57%, 7/25/14                          | 2,257 | 2,093,326  |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/22/16                       | 1,294 | 1,220,197  |
| DaVita, Inc., Tranche B Term Loan, 4.50%, 10/20/16                      | 1,990 | 1,930,300  |
| Emergency Medical Services, Term Loan,<br>5.25% – 6.00%, 5/25/18        | 1,247 | 1,153,359  |
| HCA, Inc., Tranche B-1 Term Loan, 3.50%, 5/01/18                        | 340   | 319,032    |
| Harden Healthcare, Inc.:  |       |            |
| Tranche A Additional Term Loan, 7.75%, 3/02/15                          | 3,650 | 3,577,090  |
| Tranche A Term Loan, 8.50%, 3/02/15                                     | 606   | 593,472    |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.):                       |       |            |
| Incremental Term Loan B3, 6.75%, 5/15/18                                | 1,000 | 940,000    |
| Term Loan B, 6.50%, 8/04/16   | 2,216 | 2,090,074  |
| Medpace, Inc., Term Loan, 6.50%, 6/22/17                                | 2,850 | 2,707,500  |
| Renal Advantage Holdings, Inc., Tranche B Term Loan,<br>5.75%, 12/16/16 | 1,393 | 1,363,984  |
|   |       | 18,097,188 |
| <b>Health Care Technology — 0.4%</b>                                    |       |            |
| IMS Health, Inc., Tranche B Dollar Term Loan,<br>4.50%, 8/25/17         | 1,840 | 1,764,682  |
| MedAssets, Inc., Term Loan B, 5.25%, 11/16/16                           | 821   | 777,491    |
|   |       | 2,542,173  |

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| Floating Rate Loan Interests (b)                          |              |            |
| <b>Hotels, Restaurants &amp; Leisure — 3.4%</b>           |              |            |
| Caesars Entertainment Operating Co., Inc.:                |              |            |
| Incremental Term Loan B4, 9.50%, 10/31/16                 | USD 958      | \$ 955,647 |
| Term Loan B-1, 3.25%, 1/28/15                             | 449          | 386,284    |
| Term Loan B-2, 3.22% – 3.25%, 1/28/15                     | 750          | 646,170    |
| Term Loan B-3, 3.25%, 1/28/15                             | 6,455        | 5,557,318  |
| Dunkin' Brands, Inc., New Term Loan B,<br>4.00%, 11/23/17 | 2,088        | 2,005,613  |
| Golden Living, Term Loan, 5.00%, 5/04/18                  | 1,405        | 1,246,937  |
| OSI Restaurant Partners, LLC, Pre-Funded RC Loan,         |              |            |

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|   |     |       |            |
|---|-----|-------|------------|
| 2.50%, 6/14/13  |     | 32    | 29,566     |
| SeaWorld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17 |     | 1,681 | 1,622,369  |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.25%, 6/30/16                     |     | 2,468 | 2,405,971  |
| Travelport LLC (FKA Travelport, Inc.), Term Loan, 8.29%, 3/27/12 (f)                              |     | 3,123 | 1,720,952  |
| Twin River Worldwide Holdings, Inc., Term Loan, 8.50%, 11/05/15                                   |     | 1,369 | 1,358,239  |
| VML US Finance LLC (FKA Venetian Macau):  |     |       |            |
| Term B Delayed Draw Project Loan, 4.73%, 5/25/12  |     | 1,116 | 1,104,612  |
| Term B Funded Project Loan, 4.73%, 5/27/13  |     | 1,933 | 1,908,738  |
|   |     |       | 20,948,416 |
| <b>Household Durables — 0.0%</b>  |     |       |            |
| Berkline/Benchcraft LLC, Term Loan, 14.00%, 11/03/11 (c)(i)                                       |     | 139   | 6,972      |
| <b>IT Services — 1.7%</b>   |     |       |            |
| Ceridian Corp., US Term Loan, 3.22%, 11/10/14   |     | 1,620 | 1,384,919  |
| First Data Corp.:   |     |       |            |
| Extended Term Loan B, 4.22%, 3/23/18  |     | 4,689 | 3,925,754  |
| Initial Tranche B-1 Term Loan, 2.97%, 9/24/14   |     | 325   | 285,462    |
| Initial Tranche B-3 Term Loan, 2.97%, 9/24/14   |     | 109   | 95,389     |
| infoGROUP, Inc., Term Loan, 5.75%, 5/22/18  |     | 1,064 | 975,851    |
| TransUnion LLC, Replacement Term Loan, 4.75%, 2/12/18   |     | 3,264 | 3,095,501  |
| Travelex American Holdings, Inc.:   |     |       |            |
| Tranche B5, 2.93%, 10/31/13   |     | 439   | 420,907    |
| Tranche C5, 3.43%, 10/31/14   |     | 436   | 419,487    |
|   |     |       | 10,603,270 |
| <b>Independent Power Producers &amp; Energy Traders — 0.7%</b>                                    |     |       |            |
| The AES Corp., Term Loan B, 4.25%, 6/01/18  |     | 1,496 | 1,437,148  |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18  |     | 869   | 801,344    |
| Texas Competitive Electric Holdings Co., LLC (TXU), Extended Term Loan, 4.71% – 4.77%, 10/10/17   |     | 2,843 | 2,086,732  |
|   |     |       | 4,325,224  |
| <b>Industrial Conglomerates — 0.3%</b>  |     |       |            |
| Sequa Corp., Term Loan, 3.50% – 3.51%, 12/03/14   |     | 1,824 | 1,704,223  |
| <b>Machinery — 0.5%</b>   |     |       |            |
| Terex Corp.:  |     |       |            |
| Term Loan, 6.03%, 4/28/17   | EUR | 310   | 431,956    |
| Term Loan B, 5.50%, 4/28/17   | USD | 1,000 | 980,000    |

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|  |       |           |
|--|-------|-----------|
| Tomkins Plc, Term Loan B, 4.25%, 9/29/16   | 2,186 | 2,103,910 |
|  |       | 3,515,866 |
| <br><b>Media — 6.8%</b>  |       |           |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18                                     | 2,200 | 2,120,250 |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18  | 1,346 | 1,269,689 |
| Affinion Group, Inc., Tranche B Term Loan,<br>5.00%, 7/16/15                         | 1,481 | 1,334,070 |
| Capsugel Healthcare Ltd., Term Loan, 5.25%, 8/01/18                                  | 1,400 | 1,352,400 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning):<br>Term Loan, 2.50%, 7/03/14 | 1,530 | 1,264,544 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14                                      | 2,047 | 1,954,650 |
| Charter Communications Operating, LLC:<br>Term Loan B, 7.25%, 3/06/14                | 64    | 63,705    |
| Term Loan C, 3.50%, 9/06/16  | 3,059 | 2,912,493 |
| Clear Channel Communications, Inc., Term Loan B,<br>3.87%, 1/28/16                   | 2,385 | 1,785,029 |

See Notes to Financial Statements.

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## BlackRock Limited Duration Income Trust (BLW)

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

|  | Par       | Value        |
|--|-----------|--------------|
|  | (000)     |              |
| Floating Rate Loan Interests (b)   |           |              |
| <b>Media (concluded)</b>   |           |              |
| Cumulus Media, Inc., Term Loan, 5.75%, 8/30/18   | USD 1,500 | \$ 1,404,375 |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>6.21%, 6/12/14   | 3,214     | 2,583,028    |
| Hubbard Broadcasting, Term Loan B (Second Lien),<br>5.25%, 4/28/17   | 900       | 856,503      |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson<br>Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | 5,486     | 5,253,084    |
| Interactive Data Corp., New Term Loan B, 4.50%, 2/12/18  | 2,394     | 2,263,838    |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG):   |           |              |
| Facility B1, 4.20%, 3/06/15  | EUR 304   | 338,575      |
| Facility C1, 4.45%, 3/04/16  | 304       | 340,757      |
| Lavena Holding 4 GmbH, Second Lien Term Loan,<br>5.05%, 9/02/16  | 904       | 821,966      |
| Mediacom Illinois, LLC (FKA Mediacom<br>Communications, LLC), Tranche D Term Loan,<br>5.50%, 3/31/17       | USD 983   | 938,288      |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13   | 4,505     | 4,651,413    |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment),<br>Term Facility, 5.51%, 6/01/12                        | 1,976     | 1,900,160    |
| UPC Broadband Holding B.V., Term U, 5.44%, 12/31/17 EUR 1,493  |           | 2,005,484    |
| Univision Communications, Inc., Extended First Lien<br>Term Loan, 4.47%, 3/31/17                           | USD 2,290 | 1,969,219    |
| WC Luxco Sarl, New Term Loan B3, 4.25%, 3/15/18  | 627       | 601,531      |
| Weather Channel, Term Loan B, 4.25%, 2/13/17   | 1,496     | 1,441,383    |
|  |           | 41,426,434   |
| <b>Metals &amp; Mining — 0.9%</b>  |           |              |
| Novelis, Inc., Term Loan, 3.75%, 3/10/17   | 3,333     | 3,148,721    |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18   | 2,544     | 2,429,162    |
|  |           | 5,577,883    |
| <b>Multi-Utilities — 0.1%</b>  |           |              |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.),<br>Term B Advance (First Lien), 2.75%, 11/01/13    | 375       | 355,201      |
| Mach Gen, LLC, Synthetic Letter of Credit Loan   |           |              |

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|   |       |       |           |
|---|-------|-------|-----------|
| (First Lien), 2.28%, 2/22/13  |       | 69    | 62,431    |
|   |       |       | 417,632   |
| <b>Multiline Retail — 0.7%</b>  |       |       |           |
| Hema Holding BV:  |       |       |           |
| Facility B, 3.43%, 7/06/15  | EUR   | 338   | 452,062   |
| Facility C, 4.18%, 7/05/16  |       | 338   | 454,493   |
| Facility D, 6.43%, 1/05/17  |       | 2,600 | 3,386,324 |
|   |       |       | 4,292,879 |
| <b>Oil, Gas &amp; Consumable Fuels — 1.0%</b>                                       |       |       |           |
| Gibson Energy, Term Loan B, 5.75%, 6/14/18  | USD   | 1,500 | 1,417,500 |
| Obsidian Natural Gas Trust, Term Loan,<br>7.00%, 11/02/15                           |       | 4,717 | 4,670,097 |
|   |       |       | 6,087,597 |
| <b>Paper &amp; Forest Products — 0.3%</b>   |       |       |           |
| Georgia-Pacific LLC, Term Loan B, 2.32%, 12/21/12                                   |       | 1,476 | 1,465,474 |
| Verso Paper Finance Holdings LLC, Term Loan,<br>6.51% – 7.26%, 2/01/13 (f)          |       | 686   | 590,239   |
|   |       |       | 2,055,713 |
| <b>Pharmaceuticals — 0.4%</b>   |       |       |           |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                                   |       | 1,493 | 1,346,235 |
| Warner Chilcott Corp.:  |       |       |           |
| Term Loan B-1, 4.25%, 3/15/18   |       | 912   | 873,815   |
| Term Loan B-2, 4.25%, 3/15/18   |       | 456   | 437,477   |
|   |       |       | 2,657,527 |
| <b>Professional Services — 0.3%</b>   |       |       |           |
| Fifth Third Processing Solutions, LLC, Term Loan B<br>(First Lien), 4.50%, 11/03/16 |       | 1,990 | 1,916,641 |
| <b>Real Estate Investment Trusts (REITs) — 0.8%</b>                                 |       |       |           |
| iStar Financial, Inc., Term Loan (Second Lien),<br>5.00%, 6/28/13                   |       | 4,826 | 4,689,054 |
|   |       |       |           |
|   |       | Par   |           |
| Floating Rate Loan Interests (b)  | (000) | Value |           |
| <b>Real Estate Management &amp; Development — 1.2%</b>                              |       |       |           |
| Pivotal Promontory, LLC, Term Loan (Second Lien),<br>11.50%, 8/31/11 (c)(i)         | USD   | 750   | \$ 1      |
| Realogy Corp.:  |       |       |           |
| Delayed Draw Term Loan, 3.30%, 10/10/13   |       | 3,795 | 3,349,002 |
| Extended Term Loan B, 4.52%, 10/10/16   |       | 4,729 | 3,892,263 |
|   |       |       | 7,241,266 |

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### Semiconductors & Semiconductor Equipment — 0.2%

|   |       |         |
|---|-------|---------|
| Freescale Semiconductor, Inc., Extended Term Loan B,<br>4.44%, 12/01/16 | 1,056 | 960,291 |
|---|-------|---------|

### Software — 0.1%

|   |     |         |
|---|-----|---------|
| Bankruptcy Management Solutions, Inc., Term Loan B,<br>7.50%, 8/20/14 | 719 | 326,117 |
|---|-----|---------|

### Specialty Retail — 1.8%

|   |       |            |
|---|-------|------------|
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                 | 1,800 | 1,708,650  |
| Burlington Coat Factory Warehouse Corp., Term Loan B,<br>6.25%, 2/23/17 | 593   | 558,431    |
| General Nutrition Centers, Inc., Term Loan B,<br>4.25%, 3/02/18         | 2,175 | 2,052,656  |
| Michaels Stores, Inc.:  |       |            |
| Term Loan B-1, 2.50%, 10/31/13  | 1,870 | 1,766,818  |
| Term Loan B-2, 4.75%, 7/31/16   | 1,098 | 1,033,105  |
| Petco Animal Supplies, Inc., Term Loan B,<br>4.50%, 11/24/17            | 2,228 | 2,093,850  |
| Toys 'R' Us Delaware, Inc., Initial Loan, 6.00%, 9/01/16                | 1,888 | 1,768,958  |
|   |       | 10,982,468 |

### Trading Companies & Distributors — 0.0%

|  |     |         |
|--|-----|---------|
| Beacon Sales Acquisition, Inc., Term Loan B,<br>2.21% – 2.25%, 9/30/13 | 121 | 115,163 |
|--|-----|---------|

### Wireless Telecommunication Services — 1.7%

|  |       |             |
|--|-------|-------------|
| Digicel International Finance Ltd., US Term Loan<br>(Non-Rollover), 2.75%, 3/30/12 | 337   | 332,112     |
| MetroPCS Wireless, Inc., Term Loan B, 4.00%, 3/16/18                               | 1,493 | 1,398,299   |
| Vodafone Americas Finance 2, Inc., Initial Loan,<br>6.88%, 8/11/15                 | 8,295 | 8,336,503   |
|  |       | 10,066,914  |
| Total Floating Rate Loan Interests — 44.2%   |       | 269,484,829 |

### Non-Agency Mortgage-Backed Securities

#### Collateralized Mortgage Obligations — 5.7%

|   |       |           |
|---|-------|-----------|
| Adjustable Rate Mortgage Trust, Series 2007-1,<br>Class 3A21, 5.73%, 3/25/37 (b)    | 2,733 | 2,403,613 |
| Citicorp Mortgage Securities, Inc., Series 2006-2,<br>Class 1A7, 5.75%, 4/25/36     | 2,048 | 2,038,288 |
| Countrywide Alternative Loan Trust, Series 2005-54CB,<br>Class 3A4, 5.50%, 11/25/35 | 7,437 | 5,929,005 |
| Countrywide Home Loan Mortgage Pass-Through Trust:                                  |       |           |
| Series 2005-17, Class 1A6, 5.50%, 9/25/35   | 2,975 | 2,799,088 |
| Series 2006-17, Class A2, 6.00%, 12/25/36   | 5,085 | 4,476,610 |



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|   |       |            |
|---|-------|------------|
| Series 2007-16, Class A1, 6.50%, 10/25/37   | 2,812 | 2,480,040  |
| Series 2007-HY5, Class 3A1, 5.92%, 9/25/37 (b)  | 3,378 | 2,689,244  |
| Credit Suisse Mortgage Capital Certificates,<br>Series 2006-C5, Class AM, 5.34%, 12/15/39       | 1,440 | 1,266,420  |
| GSR Mortgage Loan Trust, Series 2005-AR5,<br>Class 2A3, 2.74%, 10/25/35 (b)                     | 2,700 | 1,996,206  |
| Harborview Mortgage Loan Trust, Series 2005-8,<br>Class 1A2A, 0.54%, 9/19/35 (b)                | 3,988 | 2,469,939  |
| Morgan Stanley Reremic Trust, Series 2010-R4,<br>Class 4A, 0.45%, 2/26/37 (a)(b)                | 2,947 | 2,829,283  |
| WaMu Mortgage Pass-Through Certificates,<br>Series 2006-AR14, Class 1A1, 5.32%, 11/25/36 (b)    | 1,174 | 948,110    |
| Wells Fargo Mortgage-Backed Securities Trust,<br>Series 2005-AR2, Class 2A1, 2.74%, 3/25/35 (b) | 2,387 | 2,118,487  |
|   |       | 34,444,333 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW)  
**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value         |
|---|--------------|---------------|
| Non-Agency Mortgage-Backed Securities   |              |               |
| Commercial Mortgage-Backed Securities — 8.8%  |              |               |
| Banc of America Commercial Mortgage, Inc. (b):  |              |               |
| Series 2007-3, Class A2, 5.80%, 6/10/49   | USD 2,001    | 2 \$ ,036,641 |
| Series 2007-4, Class A4, 5.92%, 2/10/51   | 2,150        | 2,298,948     |
| Centre Parcs Mortgage Finance Plc, Series 2007-1,<br>Class A2, 2.87%, 10/10/18 (b)                | GBP 1,953    | 3,043,493     |
| Citigroup/Deutsche Bank Commercial Mortgage Trust,<br>Series 2007-CD4, Class A2B, 5.21%, 12/11/49 | USD 1,335    | 1,348,410     |
| Credit Suisse Mortgage Capital Certificates (b):  |              |               |
| Series 2007-C2, Class A2, 5.45%, 1/15/49  | 1,820        | 1,827,094     |
| Series 2007-C3, Class A2, 5.90%, 6/15/39  | 3,590        | 3,641,070     |
| Extended Stay America Trust, Series 2010-ESHA,<br>Class C, 4.86%, 11/05/27 (a)                    | 2,320        | 2,236,127     |
| First Union Commercial Mortgage Securities, Inc.,<br>Series 1997-C2, Class G, 7.50%, 11/18/29 (b) | 3,310        | 3,652,002     |
| GS Mortgage Securities Corp. II, Series 2006-GG6,<br>Class AM, 5.62%, 4/10/38 (b)                 | 3,680        | 3,424,902     |
| Greenwich Capital Commercial Funding Corp.:   |              |               |
| Series 2006-GG7, Class AM, 6.07%, 7/10/38 (b)   | 1,610        | 1,518,443     |
| Series 2007-GG9, Class A4, 5.44%, 3/10/39   | 2,110        | 2,229,247     |
| JP Morgan Chase Commercial Mortgage Securities Corp.:   |              |               |
| Series 2007-CB18, Class A4, 5.44%, 6/12/47  | 2,110        | 2,247,099     |
| Series 2007-CB19, Class A4, 5.93%, 2/12/49 (b)  | 2,140        | 2,289,815     |
| LB-UBS Commercial Mortgage Trust, Series 2007-C6,<br>Class A4, 5.86%, 7/15/40 (b)                 | 3,395        | 3,614,239     |
| Morgan Stanley Capital I, Series 2007-IQ15, Class A2,<br>6.03%, 6/11/49 (b)                       | 2,007        | 2,053,155     |
| Wachovia Bank Commercial Mortgage Trust (b):  |              |               |
| Series 2007-C33, Class A2, 6.05%, 2/15/51   | 14,095       | 14,269,239    |
| Series 2007-C33, Class A4, 6.10%, 2/15/51   | 2,030        | 2,154,417     |
|   |              | 53,884,341    |
| Total Non-Agency Mortgage-Backed Securities — 14.5%   |              | 88,328,674    |
|   | Beneficial   |               |
|   | Interest     |               |

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|   |        |           |              |
|---|--------|-----------|--------------|
| Other Interests (j)   | (000)  |           |              |
| <a href="#">Auto Components — 0.0%</a>                                    |        |           |              |
| Lear Corp. Escrow   |        | 1,000     | 20,000       |
| <a href="#">Diversified Financial Services — 0.2%</a>                     |        |           |              |
| BLW JGW SPV, LLC (J.G. Wentworth LLC Preferred Equity Interests) (c)(k)   |        | 1         | 1,420,709    |
| <a href="#">Health Care Providers &amp; Services — 0.0%</a>               |        |           |              |
| Critical Care Systems International, Inc.                                 |        | 8         | 763          |
| <a href="#">Household Durables — 0.0%</a>                                 |        |           |              |
| Berkline Benchcraft Equity LLC  |        | 3         | —            |
| <a href="#">Software — 1.3%</a>   |        |           |              |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests |        | —(l)      | 7,570,181    |
| Total Other Interests — 1.5%  |        |           | 9,011,653    |
| <a href="#">Preferred Securities</a>                                      |        |           |              |
| <a href="#">Preferred Stocks</a>  |        |           |              |
|   |        | Shares    |              |
| <a href="#">Auto Components — 0.1%</a>                                    |        |           |              |
| Dana Holding Corp. (a)(c)(h)  |        | 6,000     | 675,750      |
| <a href="#">Media — 0.0%</a>  |        |           |              |
| CMP Susquehanna Radio Holdings Corp. (a)(c)(m)                            |        | 45,243    | 384,565      |
| Total Preferred Stocks — 0.1%   |        |           | 1,060,315    |
| <br>  |        |           |              |
| Trust Preferreds  | Shares |           | Value        |
| <a href="#">Diversified Financial Services — 0.4%</a>                     |        |           |              |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40                            |        | 109,140   | \$ 2,299,797 |
| Total Trust Preferreds — 0.4%   |        |           | 2,299,797    |
| Total Preferred Securities — 0.5%   |        |           | 3,360,112    |
| <br>  |        |           |              |
| Taxable Municipal Bonds   | Par    |           |              |
|   | (000)  |           |              |
| State of California, GO:  |        |           |              |
| 5.25%, 4/01/14  |        | USD 1,075 | 1,175,039    |
| 5.10%, 8/01/14  |        | 2,225     | 2,357,054    |
| Various Purpose 3, Mandatory Put Bonds,                                   |        |           |              |
| 5.65%, 4/01/39 (b)  |        | 455       | 483,028      |
| State of Illinois, GO, 3.32%, 1/01/13                                     |        | 5,075     | 5,175,485    |
| Total Taxable Municipal Bonds — 1.5%                                      |        |           | 9,190,606    |
| <br>  |        |           |              |
| US Government Sponsored   |        |           |              |
| <a href="#">Agency Securities</a>   |        |           |              |
| <a href="#">Interest Only Collateralized Mortgage Obligations — 0.4%</a>  |        |           |              |
| Fannie Mae Mortgage-Backed Securities,                                    |        |           |              |

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|  |           |             |
|--|-----------|-------------|
| Series 2010-126, Class UI, 5.50%, 10/25/40         | 14,525    | 2,311,649   |
| <b>Mortgage-Backed Securities — 14.6%</b>          |           |             |
| Fannie Mae Mortgage-Backed Securities:             |           |             |
| 3.50%, 8/01/26 – 9/01/26 (d)                       | 27,929    | 29,195,026  |
| 4.50%, 9/15/41 (n)                                 | 17,300    | 18,277,855  |
| 5.00%, 7/01/20 – 8/01/23 (d)                       | 17,628    | 19,111,749  |
| Freddie Mac Mortgage-Backed Securities,            |           |             |
| 4.50%, 4/01/25 (d)                                 | 20,623    | 22,281,585  |
|  |           | 88,866,215  |
| Total US Government Sponsored                      |           |             |
| Agency Securities — 15.0%                          |           |             |
|  |           | 91,177,864  |
| US Treasury Obligations                            |           |             |
| US Treasury Notes:                                 |           |             |
| 0.38%, 7/31/13                                     | 145       | 145,504     |
| 1.50%, 7/31/16                                     | 1,505     | 1,546,854   |
| Total US Treasury Obligations — 0.3%               |           |             |
|  |           | 1,692,358   |
| Warrants (o)                                       |           |             |
|  | Shares    |             |
| <b>Media — 0.0%</b>                                |           |             |
| Cumulus Media, Inc. (Expires 3/26/19)              | 114,267   | 292,010     |
| <b>Software — 0.0%</b>                             |           |             |
| Bankruptcy Management Solutions, Inc.              |           |             |
| (Expires 9/29/17)                                  | 435       | 5           |
| HMH Holdings/EduMedia (Expires 3/09/17)            | 209,988   | 2           |
|  |           | 7           |
| Total Warrants — 0.0%                              |           |             |
|  |           | 292,017     |
| Total Long-Term Investments                        |           |             |
| (Cost — \$889,928,196*) — 141.5%                   |           | 863,148,275 |
| Short-Term Securities                              |           |             |
| BlackRock Liquidity Funds, TempFund, Institutional |           |             |
| Class, 0.07% (p)(q)                                | 5,229,778 | 5,229,778   |
| Total Short-Term Securities                        |           |             |
| (Cost — \$5,229,778) — 0.9%                        |           | 5,229,778   |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW)  
**Schedule of Investments (continued)**

(Percentages shown are based on Net Assets)

| Options Purchased  | Contracts                   | Value        |
|--|-----------------------------|--------------|
| <b>Over-the-Counter Call Options — 0.0%</b>  |                             |              |
| Marsico Parent Superholdco LLC,<br>Strike Price USD 942.86, Expires 12/21/19,<br>Broker Goldman Sachs Bank USA   | 46                          | —            |
|  | Notional<br>Amount<br>(000) |              |
| <b>Over-the-Counter Put Swaptions — 0.1%</b>   |                             |              |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Series 16, Strike Price<br>USD 99.00, Expires 9/21/11,<br>Broker BNP Paribas SA  |                             |              |
|  | USD 7,400                   | \$ 358,847   |
| Total Options Purchased<br>(Cost — \$144,878) — 0.1%   |                             | 358,847      |
| Total Investments Before TBA Sale Commitments and<br>Outstanding Options Written (Cost — \$895,302,852) — 142.5%   |                             | 868,736,900  |
|  | Par<br>(000)                |              |
| TBA Sale Commitments<br>Fannie Mae Mortgage-Backed Securities,<br>4.50%, 9/15/41 (n)<br>Total TBA Sale Commitments<br>(Proceeds — \$18,154,863) — (3.0)%       | 17,300                      | (18,277,855) |
|  | Notional<br>Amount<br>(000) | (18,277,855) |
| <b>Options Written</b>   |                             |              |
| <b>Over-the-Counter Call Swaptions — (0.0)%</b>  |                             |              |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Series 16, Strike Price<br>USD 102.50, Expires 9/21/11,<br>Broker BNP Paribas SA |                             |              |
|  | 7,400                       | (2,193)      |
| <b>Over-the-Counter Put Swaptions — (0.1)%</b>   |                             |              |
| Sold credit default protection on Dow Jones CDX<br>North America High Yield Series 16, Strike Price<br>USD 102.50, Expires 9/21/11,<br>Broker BNP Paribas SA   |                             |              |
|  | 7,400                       | (598,459)    |

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Sold credit default protection on Dow Jones CDX

North America Investment Grade Series 16,

Strike Price USD 120.00, Expires 12/21/11,

|  |       |          |
|--|-------|----------|
| Broker Morgan Stanley Capital Services, Inc. | 7,700 | (68,956) |
|--|-------|----------|

(667,415)

Total Options Written

|  |  |           |
|--|--|-----------|
| (Premiums Received — \$306,050) — (0.1)% |  | (669,608) |
|--|--|-----------|

Total Investments, Net of TBA Sale Commitments and

|                                      |  |             |
|--------------------------------------|--|-------------|
| Outstanding Options Written — 139.4% |  | 849,789,437 |
|--------------------------------------|--|-------------|

|   |  |               |
|---|--|---------------|
| Liabilities in Excess of Other Assets — (39.4)% |  | (239,971,776) |
|---|--|---------------|

|                     |  |               |
|---------------------|--|---------------|
| Net Assets — 100.0% |  | \$609,817,661 |
|---------------------|--|---------------|

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

|                |  |                |
|----------------|--|----------------|
| Aggregate cost |  | \$ 892,838,022 |
|----------------|--|----------------|

|                               |  |               |
|-------------------------------|--|---------------|
| Gross unrealized appreciation |  | \$ 19,561,610 |
|-------------------------------|--|---------------|

|                               |  |              |
|-------------------------------|--|--------------|
| Gross unrealized depreciation |  | (43,662,732) |
|-------------------------------|--|--------------|

|                             |  |                 |
|-----------------------------|--|-----------------|
| Net unrealized depreciation |  | \$ (24,101,122) |
|-----------------------------|--|-----------------|

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

(c) Non-income producing security.

(d) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.

(e) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.

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

(g) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(h) Convertible security.

(i) Issuer filed for bankruptcy and/or is in default of interest payments.

(j) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(k) The investment is held by a wholly owned subsidiary of the Fund.

(l) Amount is less than \$500.

(m) Security is perpetual in nature and has no stated maturity date.

(n) Represents or includes a to-be-announced ("TBA") transaction. Unsettled TBA transactions as of report date were as follows:

|                           |       | Unrealized |              |
|---------------------------|-------|------------|--------------|
| Counterparty              | Value |            | Depreciation |
| JPMorgan Securities, Inc. | —     |            | \$(119,257)  |

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Morgan Stanley & Co., Inc.

—

\$(121,324)

(o) 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, if any.

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

(q) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at<br>August 31, 2010 | Net<br>Activity | Shares Held at<br>August 31, 2011 | Income   |
|--|-----------------------------------|-----------------|-----------------------------------|----------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class |                                   | —5,229,778      | 5,229,778                         | \$ 9,068 |

\*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 rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

\*Financial futures contracts purchased as of August 31, 2011 were as follows:

| Contracts | Issue                | Exchange                  | Expiration        | Notional<br>Value | Unrealized<br>Appreciation |
|-----------|----------------------|---------------------------|-------------------|-------------------|----------------------------|
| 12        | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | September<br>2011 | \$2,987,133       | \$ 1,842                   |
| 12        | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | December<br>2011  | \$2,984,133       | 717                        |
| 12        | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | March<br>2012     | \$2,978,883       | 5,967                      |
| 8         | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | June<br>2012      | \$1,980,322       | 9,978                      |
| 8         | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | September<br>2012 | \$1,973,922       | 16,478                     |
| 8         | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | March<br>2013     | \$1,962,722       | 26,978                     |
| 6         | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | June<br>2013      | \$1,467,916       | 23,234                     |
| 6         | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | September<br>2013 | \$1,464,242       | 25,108                     |
| 6         | 90-Day<br>Eurodollar | Chicago Board<br>of Trade | December<br>2013  | \$1,460,566       | 26,159                     |
| 6         | 90-Day               | Chicago Board             | March             |                   |                            |

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|            |          |      |             |            |
|------------|----------|------|-------------|------------|
| Eurodollar | of Trade | 2014 | \$1,457,267 | 26,608     |
| Total      |          |      |             | \$ 163,069 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW)  
**Schedule of Investments (continued)**

•Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency Purchased | Currency Sold  | Counterparty           | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|----------------|------------------------|-----------------|--|
| USD 33,368,257     | GBP 20,883,000 | Royal Bank of Scotland | 10/07/11        | \$ (517,658)                           |
| USD 965,890        | GBP 600,000    | Citibank NA            | 10/07/11        | (7,704)                                |
| GBP 202,000        | USD 331,495    | UBS AG                 | 10/07/11        | (3,718)                                |
| USD 17,941,693     | EUR 12,517,500 | Citibank NA            | 10/26/11        | (27,369)                               |
| EUR 704,700        | USD 1,009,557  | Citibank NA            | 10/26/11        | 2,050                                  |
| EUR 250,000        | USD 360,238    | Deutsche Bank AG       | 10/26/11        | (1,359)                                |
| Total              |                |                        |                 | \$ (555,758)                           |

•Credit default swaps on single-name issues — sold protection outstanding as of August 31, 2011 were as follows:

| Receive Fixed Issuer Rate | Counterparty | Expiration Date | Issuer Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Depreciation |
|---------------------------|--------------|-----------------|-----------------------------------|------------------------------------|-------------------------|
| Aviva USA Corp. 1.00%     | Bank AG      | 5/25/12         | BBB+                              | \$ 4,700                           | \$ (3,846)              |

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

•Credit default swaps on traded indexes — buy protection outstanding as of August 31, 2011 were as follows:

| Index  | Pay Fixed Rate | Counterparty               | Expiration Date | Notional Amount (000) | Unrealized Appreciation |
|--|----------------|----------------------------|-----------------|-----------------------|-------------------------|
| Dow Jones CDX North America Investment Grade Index Series 16 | 1.00%          | Morgan Stanley & Co., Inc. | 6/20/16         | \$ 7,700              | \$ 83,827               |

•Reverse repurchase agreements outstanding as of August 31, 2011 were as follows:

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| Counterparty                       | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Net Closing Amount | Face Amount |
|------------------------------------|---------------|------------|----------------------------|--------------------|-------------|
| Credit Suisse Securities (USA) LLC | 0.60%         | 4/11/11    | Open                       | \$ 390,930         | \$ 390,000  |
| Deutsche Bank AG                   | 0.55%         | 4/11/11    | Open                       | 2,696,503          | 2,690,625   |
| Credit Suisse Securities (USA) LLC | 0.40%         | 4/14/11    | Open                       | 899,823            | 898,425     |
| Deutsche Bank AG                   | 0.55%         | 4/15/11    | Open                       | 9,222,042          | 9,202,500   |
| Deutsche Bank AG                   | 0.35%         | 4/15/11    | Open                       | 3,281,929          | 3,277,500   |
| Credit Suisse Securities (USA) LLC | 0.40%         | 4/18/11    | Open                       | 2,692,813          | 2,688,750   |
| Credit Suisse Securities (USA) LLC | 0.55%         | 4/28/11    | Open                       | 1,207,777          | 1,205,456   |
| Deutsche Bank AG                   | 0.55%         | 4/28/11    | Open                       | 3,630,099          | 3,623,125   |
| Barclays Capital, Inc.             | 0.40%         | 5/2/11     | Open                       | 3,075,413          | 3,071,250   |

•Reverse repurchase agreements outstanding as of August 31, 2011 were as follows (continued):

| Counterparty                       | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Net Closing Amount | Face Amount  |
|------------------------------------|---------------|------------|----------------------------|--------------------|--------------|
| Credit Suisse Securities (USA) LLC | 0.55%         | 5/2/11     | Open                       | \$ 6,602,405       | \$ 6,590,122 |
| Barclays Capital, Inc.             | 0.40%         | 5/3/11     | Open                       | 3,183,274          | 3,179,000    |
| UBS AG                             | 0.35%         | 5/3/11     | Open                       | 2,784,932          | 2,781,660    |

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|               |       |         |      |            |            |
|---------------|-------|---------|------|------------|------------|
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.45% | 5/3/11  | Open | 4,384,333  | 4,377,712  |
| Barclays      |       |         |      |            |            |
| Capital, Inc. | 0.40% | 5/4/11  | Open | 8,974,450  | 8,962,500  |
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.55% | 5/4/11  | Open | 12,701,531 | 12,678,288 |
| Barclays      |       |         |      |            |            |
| Capital, Inc. | 0.40% | 5/4/11  | Open | 15,614,096 | 15,593,375 |
| UBS AG        | 0.54% | 5/10/11 | Open | 2,642,027  | 2,637,517  |
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.55% | 5/16/11 | Open | 976,008    | 974,400    |
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.60% | 5/16/11 | Open | 5,303,279  | 5,293,750  |
| Deutsche      |       |         |      |            |            |
| Bank AG       | 0.58% | 5/17/11 | Open | 4,823,110  | 4,814,810  |
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.55% | 5/19/11 | Open | 2,277,057  | 2,273,410  |
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.40% | 5/19/11 | Open | 1,157,849  | 1,156,500  |
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.45% | 5/20/11 | Open | 1,258,397  | 1,256,763  |
| Credit        |       |         |      |            |            |
| Suisse        |       |         |      |            |            |
| Securities    |       |         |      |            |            |
| (USA) LLC     | 0.40% | 5/20/11 | Open | 1,194,128  | 1,192,750  |
| Deutsche      |       |         |      |            |            |
| Bank AG       | 0.38% | 5/23/11 | Open | 2,988,182  | 2,985,000  |

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|             |       |         |      |           |           |
|-------------|-------|---------|------|-----------|-----------|
| Credit      |       |         |      |           |           |
| Suisse      |       |         |      |           |           |
| Securities  |       |         |      |           |           |
| (USA) LLC   | 0.55% | 5/25/11 | Open | 2,655,674 | 2,651,663 |
| Credit      |       |         |      |           |           |
| Suisse      |       |         |      |           |           |
| Securities  |       |         |      |           |           |
| (USA) LLC   | 0.55% | 5/31/11 | Open | 1,018,946 | 1,017,500 |
| Credit      |       |         |      |           |           |
| Suisse      |       |         |      |           |           |
| Securities  |       |         |      |           |           |
| (USA) LLC   | 0.60% | 5/31/11 | Open | 1,514,168 | 1,511,825 |
| BNP Paribas |       |         |      |           |           |
| Securities  | 0.55% | 6/1/11  | Open | 2,235,137 | 2,232,000 |
| UBS AG      | 0.55% | 6/1/11  | Open | 4,027,528 | 4,021,875 |
| Credit      |       |         |      |           |           |
| Suisse      |       |         |      |           |           |
| Securities  |       |         |      |           |           |
| (USA) LLC   | 0.50% | 6/20/11 | Open | 3,689,849 | 3,686,112 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW)  
**Schedule of Investments (continued)**

•Reverse repurchase agreements outstanding as of August 31, 2011 were as follows (concluded):

| Counterparty           | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Net Closing Amount | Face Amount                 |
|------------------------|---------------|------------|----------------------------|--------------------|-----------------------------|
| Credit Suisse          |               |            |                            |                    |                             |
| Securities (USA) LLC   | 0.55%         | 6/22/11    |                            | Open \$ 4,459,357  | \$ 4,454,525                |
| Deutsche Bank AG       | 0.55%         | 6/23/11    |                            | Open 775,388       | 774,560                     |
| Deutsche Bank AG       | 0.58%         | 6/27/11    |                            | Open 2,380,779     | 2,378,250                   |
| Credit Suisse          |               |            |                            |                    |                             |
| Securities (USA) LLC   | 0.55%         | 6/27/11    |                            | Open 650,906       | 650,250                     |
| Deutsche Bank AG       | 0.35%         | 7/18/11    |                            | Open 6,267,741     | 6,265,000                   |
| Deutsche Bank AG       | 0.55%         | 7/18/11    |                            | Open 25,734,874    | 25,718,800                  |
| Deutsche Bank AG       | (3.00)%       | 8/2/11     |                            | Open 2,783,474     | 2,790,450                   |
| BNP Paribas            |               |            |                            |                    |                             |
| Securities             | 0.18%         | 8/10/11    | 9/13/11                    | 40,103,785         | 40,096,768                  |
| Deutsche Bank AG       | 0.55%         | 8/15/11    |                            | Open 10,614,506    | 10,611,750                  |
| Credit Suisse          |               |            |                            |                    |                             |
| Securities (USA) LLC   | 0.20%         | 8/16/11    | 9/19/11                    | 28,431,473         | 28,425,946                  |
| Credit Suisse          |               |            |                            |                    |                             |
| Securities (USA) LLC   | 0.60%         | 8/16/11    |                            | Open 2,364,380     | 2,363,750                   |
| Barclays Capital, Inc. | 0.40%         | 8/29/11    |                            | Open 673,774       | 673,750                     |
| Total                  |               |            |                            |                    | \$244,344,126 \$244,119,962 |

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<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

•Fair Value Measurements — Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

•Level 1 — price quotations in active markets/exchanges for identical assets and liabilities

•Level 2 — other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs  | Level 1      | Level 2     | Level 3 | Total      |
|-------------------|--------------|-------------|---------|------------|
| Assets:           |              |             |         |            |
| Investments:      |              |             |         |            |
| Long-Term         |              |             |         |            |
| Investments:      |              |             |         |            |
| Asset-Backed      |              |             |         |            |
| Securities        |              |             | —       | 28,557,336 |
| Common Stocks .   |              | 580,599     |         | 3,358,522  |
| Corporate Bonds . |              | 346,378,340 |         | 186,065    |
| Floating Rate     |              |             |         |            |
| Loan Interests .  |              | 230,615,597 |         | 38,869,232 |
| Non-Agency        |              |             |         |            |
| Mortgage-Backed   |              |             |         |            |
| Securities        |              | 85,499,391  |         | 2,829,283  |
| Other Interests   |              | 7,570,182   |         | 1,441,471  |
| Preferred         |              |             |         |            |
| Securities        | \$ 2,299,797 | 675,750     |         | 384,565    |
| Taxable Municipal |              |             |         |            |

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|               |           |              |                |                |
|---------------|-----------|--------------|----------------|----------------|
| Bonds         | —         | 9,190,606    | —              | 9,190,606      |
| US Government |           |              |                |                |
| Sponsored     |           |              |                |                |
| Agency        |           |              |                |                |
| Securities    | —         | 91,177,864   | —              | 91,177,864     |
| US Treasury   |           |              |                |                |
| Obligations   | —         | 1,692,358    | —              | 1,692,358      |
| Warrants      | —         | —            | 292,017        | 292,017        |
| Short-Term    |           |              |                |                |
| Securities    | 5,229,778 | —            | —              | 5,229,778      |
| Liabilities:  |           |              |                |                |
| TBA Sale      |           |              |                |                |
| Commitments   | —         | (18,277,855) | —              | (18,277,855)   |
| Unfunded Loan |           |              |                |                |
| Commitments   | —         | (111,558)    | —              | (111,558)      |
| Total         |           | \$ 7,529,575 | \$ 783,548,610 | \$ 58,910,455  |
|               |           |              |                | \$ 849,988,640 |

| Valuation Inputs                              | Level 1    | Level 2      | Level 3    | Total        |
|---|------------|--------------|------------|--------------|
| Derivative Financial Instruments <sup>1</sup> |            |              |            |              |
| Assets:                                       |            |              |            |              |
| Foreign currency                              |            |              |            |              |
| exchange                                      |            |              |            |              |
| contracts                                     | —          | \$ 2,050     | —          | \$ 2,050     |
| Interest rate                                 |            |              |            |              |
| contracts                                     | \$ 163,069 | —            | —          | —163,069     |
| Credit contracts                              | —          | 442,674      | —          | —442,674     |
| Liabilities:                                  |            |              |            |              |
| Foreign currency                              |            |              |            |              |
| exchange                                      |            |              |            |              |
| contracts                                     | —          | (557,808)    | —          | (557,808)    |
| Interest rate                                 |            |              |            |              |
| contracts                                     | —          | (2,193)      | —          | (2,193)      |
| Credit contracts                              | —          | (667,415)    | \$ (3,846) | (671,261)    |
| Total   | \$ 163,069 | \$ (782,692) | \$ (3,846) | \$ (623,469) |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value.

See Notes to Financial Statements.





## Schedule of Investments (concluded) BlackRock Limited Duration Income Trust (BLW)

The following table is a reconciliation of Level 3 derivative financial instruments for which significant unobservable inputs were used in determining fair value:

|   | Credit<br>Contracts |
|---|---------------------|
| Liabilities:  |                     |
| Balance, as of August 31, 2010                                  |                     |
| Accrued discounts/premiums                                      | \$ 9,294            |
| Net realized gain (loss)  |                     |
| Net change in unrealized appreciation/depreciation <sup>4</sup> | (3,846)             |
| Purchases   |                     |
| Issuances <sup>5</sup>  | (31,664)            |
| Sales   |                     |
| Settlements <sup>6</sup>  | 22,370              |
| Transfers in <sup>7</sup>                                       |                     |
| Transfers out <sup>7</sup>                                      |                     |
| Balance, as of August 31, 2011                                  | \$ (3,846)          |

<sup>4</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on derivative financial instruments still held on August 31, 2011 was \$(3,846).

<sup>5</sup> Issuances represent upfront cash received on certain derivative financial instruments.

<sup>6</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

<sup>7</sup> The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets.

See Notes to Financial Statements.

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## Statements of Assets and Liabilities

|  | BlackRock<br>Defined<br>Opportunity<br>Credit Trust<br>(BHL) | BlackRock<br>Diversified<br>Income<br>Strategies<br>Fund, Inc.<br>(DVF) | BlackRock<br>Floating Rate<br>Income<br>Strategies<br>Fund, Inc.<br>(FRA) | BlackRock<br>Limited<br>Duration<br>Income Trust<br>(BLW) |    |
|--|--|---|---|---|----|
| August 31, 2011  |  |   |   |   |    |
| <b>Assets</b>  |  |   |   |   |    |
| Investments at value — unaffiliated <sup>1</sup>               | \$ 163,666,783   | \$ 175,164,133  | \$ 355,344,112  | 863,507,122   | \$ |
| Investments at value — affiliated <sup>2</sup>                 | 2,230,753  | —   | 5,396,667   | 5,229,778   |    |
| Unrealized appreciation on foreign currency exchange contracts | 6,145  | 5,404   | 14,636  | 2,050   |    |
| Unrealized appreciation on swaps                               | —  | —   | —   | 83,827  |    |
| Cash   | 79   | —   | —   | —   |    |
| Foreign currency at value <sup>3</sup>                         | 155,512  | 136,682   | 237,166   | 259,951   |    |
| Cash pledged as collateral for financial futures contracts     | —  | —   | —   | 78,500  |    |
| Cash pledged as collateral for reverse repurchase agreements   | —  | —   | —   | 1,995,000   |    |
| Investments sold receivable                                    | 1,885,333  | 3,890,145   | 3,608,276   | 24,048,166  |    |
| TBA sale commitments receivable                                | —  | —   | —   | 18,154,863  |    |
| Interest receivable  | 364,979  | 623,261   | 1,064,670   | 7,586,064   |    |
| Principal paydown receivable                                   | 777,042  | 937,668   | 1,605,098   | 1,653,787   |    |
| Dividends receivable — affiliated                              | —  | —   | —   | 623   |    |
| Dividends receivable — unaffiliated                            | —  | —   | —   | 6,000   |    |
| Swaps receivable   | —  | —   | —   | 9,531   |    |
| Margin variation receivable                                    | —  | —   | —   | 2,225   |    |
| Prepaid expenses   | 17,953   | 21,294  | 42,597  | 39,396  |    |
| Other assets   | —  | —   | —   | 769,588   |    |
| <b>Total assets</b>  | <b>169,104,579</b>   | <b>180,778,587</b>  | <b>367,313,222</b>  | <b>923,426,471</b>  |    |
| <b>Liabilities</b>   |  |   |   |   |    |
| Bank overdraft   | —  | 1,044,731   | 573,035   | —   |    |
| Loan payable   | 43,000,000   | 47,000,000  | 93,000,000  | —   |    |
| Unrealized depreciation on unfunded loan commitments           | 38,703   | 45,062  | 77,372  | 111,558   |    |
| Unrealized depreciation on foreign currency exchange contracts | 32,056   | 27,935  | 72,186  | 557,808   |    |
| Unrealized depreciation on swaps                               | —  | —   | —   | 3,846   |    |
| Reverse repurchase agreements                                  | —  | —   | —   | 244,119,962   |    |
| Investments purchased payable                                  | 6,566,231  | 6,001,622   | 13,595,945  | 47,442,691  |    |
| TBA sale commitments at value <sup>4</sup>                     | —  | —   | —   | 18,277,855  |    |
| Payable for reverse repurchase agreements                      | —  | —   | —   | 1,007,615   |    |
| Options written at value <sup>5</sup>                          | —  | —   | —   | 669,608   |    |
| Investment advisory fees payable                               | 140,935  | 114,087   | 228,618   | 393,313   |    |

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|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Deferred income  | 7,454          | 6,757          | 15,592         | —              |
| Swaps payable  | —              | —              | —              | 69,322         |
| Income dividends payable   | 55,365         | 45,648         | 104,169        | 115,999        |
| Interest expense payable   | 50,964         | 40,330         | 160,690        | 218,814        |
| Officer's and Directors' fees payable                            | 452            | 423            | 999            | 173,686        |
| Other accrued expenses payable                                   | 315,524        | 145,234        | 280,032        | 446,733        |
| Total liabilities  | 50,207,684     | 54,471,829     | 108,108,638    | 313,608,810    |
|  |                |                |                | \$             |
| Net Assets   | \$ 118,896,895 | \$ 126,306,758 | \$ 259,204,584 | 609,817,661    |
| <b>Net Assets Consist of</b>                                     |                |                |                |                |
|  |                |                |                | \$             |
| Paid-in capital <sup>6,7,8</sup>                                 | \$ 128,073,078 | \$ 229,202,981 | \$ 349,984,847 | 701,901,206    |
| Undistributed (distributions in excess of) net investment income | 316,267        | (252,833)      | (138,319)      | 4,392,851      |
| Accumulated net realized loss                                    | (3,842,415)    | (86,368,737)   | (68,336,999)   | (69,629,554)   |
| Net unrealized appreciation/depreciation                         | (5,650,035)    | (16,274,653)   | (22,304,945)   | (26,846,842)   |
|  |                |                |                | \$             |
| Net Assets   | \$ 118,896,895 | \$ 126,306,758 | \$ 259,204,584 | 609,817,661    |
| Net asset value, offering and redemption price per share         | \$ 13.17       | \$ 10.19       | \$ 14.04       | \$ 16.52       |
|  |                |                |                | \$             |
| <sup>1</sup> Investments at cost — unaffiliated                  | \$ 169,251,866 | \$ 191,379,828 | \$ 377,514,590 | 890,073,074    |
| <sup>2</sup> Investments at cost — affiliated                    | \$ 2,230,753   | —              | \$ 5,396,667   | \$ 5,229,778   |
| <sup>3</sup> Foreign currency at cost                            | \$ 155,944     | \$ 137,066     | \$ 237,065     | \$ 260,046     |
| <sup>4</sup> Proceeds from TBA sale commitments                  | —              | —              | —              | —\$ 18,154,863 |
| <sup>5</sup> Premiums received                                   | —              | —              | —              | \$ 306,050     |
| <sup>6</sup> Par value per share                                 | \$ 0.001       | \$ 0.10        | \$ 0.10        | \$ 0.001       |
| <sup>7</sup> Shares outstanding                                  | 9,027,106      | 12,401,086     | 18,467,299     | 36,920,067     |
| <sup>8</sup> Shares authorized                                   | unlimited      | 200 million    | 200 million    | unlimited      |

See Notes to Financial Statements.

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## Statements of Operations

|  | BlackRock<br>Defined<br>Opportunity<br>Credit Trust<br>(BHL) | BlackRock<br>Diversified<br>Income<br>Strategies<br>Fund, Inc.<br>(DVF) | BlackRock<br>Floating Rate<br>Income<br>Strategies<br>Fund, Inc.<br>(FRA) | BlackRock<br>Limited<br>Duration<br>Income Trust<br>(BLW) |
|--|--|---|---|---|
| Year Ended August 31, 2011                             |  |   |   |   |
| <b>Investment Income</b>                               |  |   |   |   |
| Interest   | \$ 10,263,274  | \$ 11,662,894   | \$ 22,109,738   | \$ 55,911,750   |
| Dividends — affiliated                                 | 3,213  | 3,467   | 4,978   | 41,695  |
| Total income   | 10,266,487   | 11,666,361  | 22,114,716  | 55,953,445  |
| <b>Expenses</b>  |  |   |   |   |
| Investment advisory                                    | 1,628,860  | 1,329,244   | 2,653,686   | 4,565,355   |
| Professional   | 174,339  | 174,825   | 248,500   | 342,405   |
| Borrowing costs <sup>1</sup>                           | 151,042  | 144,886   | 303,008   | —   |
| Custodian  | 66,906   | 69,111  | 117,516   | 146,090   |
| Printing   | 28,743   | 26,241  | 52,116  | 214,190   |
| Accounting services                                    | 28,770   | 29,986  | 57,908  | 93,111  |
| Officer and Directors                                  | 13,908   | 14,756  | 29,744  | 79,572  |
| Transfer agent   | 23,725   | 29,016  | 36,336  | 12,062  |
| Registration   | 9,372  | 9,587   | 9,635   | 12,934  |
| Miscellaneous  | 40,911   | 38,593  | 54,590  | 110,165   |
| Total expenses excluding interest expense              | 2,166,576  | 1,866,245   | 3,563,039   | 5,575,884   |
| Interest expense                                       | 387,469  | 460,830   | 849,145   | 851,808   |
| Total expenses   | 2,554,045  | 2,327,075   | 4,412,184   | 6,427,692   |
| Less fees waived by advisor                            | (1,448)  | (1,551)   | (2,385)   | (4,615)   |
| Less fees paid indirectly                              | —  | —   | —   | (365)   |
| Total expenses after fees waived and paid indirectly   | 2,552,597  | 2,325,524   | 4,409,799   | 6,422,712   |
| Net investment income                                  | 7,713,890  | 9,340,837   | 17,704,917  | 49,530,733  |
| <b>Realized and Unrealized Gain (Loss)</b>             |  |   |   |   |
| Net realized gain (loss) from:                         |  |   |   |   |
| Investments  | 3,308,749  | (2,021,346)   | 4,164,629   | 10,064,954  |
| Financial futures contracts                            | —  | —   | —   | (730,556)   |
| Foreign currency transactions                          | (1,155,397)  | (1,139,239)   | (1,967,144)   | (5,968,342)   |
| Options written  | —  | —   | —   | (21,025)  |
| Swaps  | —  | (10,913)  | —   | (72,270)  |
|  | 2,153,352  | (3,171,498)   | 2,197,485   | 3,272,761   |
| Net change in unrealized appreciation/depreciation on: |  |   |   |   |
| Investments  | (6,129,179)  | (440,558)   | (8,898,351)   | (17,306,195)  |
| Financial futures contracts                            | —  | —   | —   | 343,883   |

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|  |              |              |               |               |
|--|--------------|--------------|---------------|---------------|
| Foreign currency transactions                        | (33,653)     | (41,196)     | (9,372)       | 195,416       |
| Options written                                      | —            | —            | —             | (363,558)     |
| Swaps  | —            | 21,480       | —             | 6,980         |
| Unfunded loan commitments                            | 8,040        | 1,598        | (8,267)       | 62,125        |
|  | (6,154,792)  | (458,676)    | (8,915,990)   | (17,061,349)  |
| Total realized and unrealized loss                   | (4,001,440)  | (3,630,174)  | (6,718,505)   | (13,788,588)  |
| Net Increase in Net Assets Resulting from Operations | \$ 3,712,450 | \$ 5,710,663 | \$ 10,986,412 | \$ 35,742,145 |

<sup>1</sup> See Note 9 of the Notes to Financial Statements for details of short-term borrowings.

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets:  | BlackRock Defined<br>Opportunity Credit Trust (BHL) |                | BlackRock Diversified<br>Income Strategies Fund<br>(DVF) |              |
|---|---|----------------|--|--------------|
|   | Year Ended August 31,                               |                | Year Ended August 31,                                    |              |
|   | 2011  | 2010           | 2011   | 2010         |
| <b>Operations</b>   |   |                |  |              |
| Net investment income   | \$ 7,713,890  | \$ 7,661,944   | \$ 9,340,837   | \$ 9,875,073 |
| Net realized gain (loss)  | 2,153,352   | 1,285,459      | (3,171,498)  | (15,451,009) |
| Net change in unrealized appreciation/depreciation                                | (6,154,792)   | 6,522,220      | (458,676)  | 37,352,693   |
| Net increase in net assets resulting from operations                              | 3,712,450   | 15,469,623     | 5,710,663  | 31,776,757   |
| <b>Dividends and Distributions to Shareholders From</b>                           |   |                |  |              |
| Net investment income   | (7,140,522)   | (6,270,058)    | (8,509,258)  | (9,834,087)  |
| Tax return of capital   | —   | —              | (739,496)  | (666,708)    |
| Decrease in net assets resulting from dividends and distributions to shareholders | (7,140,522)   | (6,270,058)    | (9,248,754)  | (10,500,795) |
| <b>Capital Share Transactions</b>   |   |                |  |              |
| Reinvestment of dividends   | 263,352   | —              | 460,151  | 552,341      |
| <b>Net Assets</b>   |   |                |  |              |
| Total increase (decrease) in net assets   | (3,164,720)   | 9,199,565      | (3,077,940)  | 21,828,303   |
| Beginning of year   | 122,061,615   | 112,862,050    | 129,384,698  | 107,556,395  |
| End of year   | \$ 118,896,895                                      | \$ 122,061,615 | \$ 126,306,758   | 129,384,698  |
| Undistributed (distributions in excess of) net investment income                  | \$ 316,267  | \$ 784,213     | \$ (252,833)   | \$ (166,631) |

See Notes to Financial Statements.

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## Statements of Changes in Net Assets (concluded)

| Increase (Decrease) in Net Assets:  | BlackRock Floating Rate<br>Income Strategies Fund, Inc.<br>(FRA) |                | BlackRock Limited Duration<br>Income Trust (BLW) |               |
|---|--|----------------|--|---------------|
|   | Year Ended August 31,  |                | Year Ended August 31,                            |               |
|   | 2011   | 2010           | 2011   | 2010          |
| <b>Operations</b>   |  |                |  |               |
| Net investment income   | \$ 17,704,917  | \$ 16,622,980  | \$ 49,530,733                                    | \$ 41,283,432 |
| Net realized gain (loss)  | 2,197,485  | (14,156,705)   | 3,272,761  | (11,714,049)  |
| Net change in unrealized appreciation/depreciation                                | (8,915,990)  | 41,425,444     | (17,061,349)                                     | 71,507,938    |
| Net increase in net assets resulting from operations                              | 10,986,412   | 43,891,719     | 35,742,145                                       | 101,077,321   |
| <b>Dividends and Distributions to Shareholders From</b>                           |  |                |  |               |
| Net investment income   | (15,965,641)   | (17,335,715)   | (45,830,635)                                     | (33,200,685)  |
| Tax return of capital   | (1,072,049)  | (378,219)      | —  | —             |
| Decrease in net assets resulting from dividends and distributions to shareholders | (17,037,690)   | (17,713,934)   | (45,830,635)                                     | (33,200,685)  |
| <b>Capital Share Transactions</b>   |  |                |  |               |
| Reinvestment of dividends   | 876,684  | 1,041,829      | 524,981  | —             |
| <b>Net Assets</b>   |  |                |  |               |
| Total increase (decrease) in net assets   | (5,174,594)  | 27,219,614     | (9,563,509)                                      | 67,876,636    |
| Beginning of year   | 264,379,178  | 237,159,564    | 619,381,170                                      | 551,504,534   |
| End of year   | 259,204,584  | \$ 264,379,178 | \$ 609,817,661                                   | 619,381,170   |
| Undistributed (distributions in excess of) net investment income                  | \$ (138,319)   | \$ (512,837)   | \$ 4,392,851                                     | \$ 6,278,697  |

See Notes to Financial Statements.

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## Statements of Cash Flows

|   | BlackRock<br>Defined<br>Opportunity<br>Credit Trust<br>(BHL) | BlackRock<br>Diversified<br>Income<br>Strategies<br>Fund, Inc.<br>(DVF) | BlackRock<br>Floating Rate<br>Income<br>Strategies<br>Fund, Inc.<br>(FRA) | BlackRock<br>Limited<br>Duration<br>Income<br>Trust<br>(BLW) |
|---|--|---|---|--|
| Year Ended August 31, 2011  |  |   |   |  |
| <b>Cash Provided by Operating Activities</b>  |  |   |   |  |
| Net increase in net assets resulting from operations  | \$ 3,712,450   | \$ 5,710,663  | \$ 10,986,412   | \$ 35,742,145  |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: |  |   |   |  |
| Decrease in interest receivable   | 766,756  | 889,422   | 1,966,254   | 973,160  |
| Decrease in swap receivable   | —  | 1,840   | —   | 111,969  |
| Decrease in other assets  | 126,609  | 535,014   | 229,558   | 229,764  |
| Decrease in commitment fees receivable  | —  | 2,834   | 4,454   | 10,785   |
| Decrease in dividend receivable — affiliated  | —  | —   | —   | (35)   |
| Decrease in dividends receivable — unaffiliated   | —  | —   | —   | (6,000)  |
| Decrease in margin variation receivable   | —  | —   | —   | 13,500   |
| Decrease in prepaid expenses  | 33,805   | 25,456  | 44,992  | 11,423   |
| Decrease in cash pledged as collateral for reverse repurchase agreements  | —  | —   | —   | (1,995,000)  |
| Decrease in cash pledged as collateral for financial futures contracts  | —  | —   | —   | (8,500)  |
| Increase in investment advisory fees payable  | 17,274   | 13,232  | 27,622  | 49,357   |
| Decrease in deferred income payable   | (63,500)   | (71,405)  | (61,448)  | (311,327)  |
| Increase (decrease) in interest expense payable   | (384)  | (20,502)  | 46,538  | 121,043  |
| Increase in other accrued expenses payable  | 75,577   | 66,893  | 136,361   | 183,770  |
| Decrease in other affiliates payable  | (466)  | (492)   | (982)   | (2,242)  |
| Decrease in other liabilities   | (28,578)   | (8,912)   | (23,811)  | (19,724)   |
| Decrease in swaps payable   | —  | (1,000)   | —   | 58,322   |
| Increase in Officer's and Directors' fees payable   | 163  | 79  | 300   | 16,553   |
| Net periodic and termination payments of swaps  | —  | —   | —   | 9,387  |
| Premiums received from options written  | —  | —   | —   | 306,050  |
| Net realized and unrealized gain on investments   | 2,372,715  | 2,064,610   | 4,743,828   | 1,594,346  |
| Amortization of premium and accretion of discount on investments  | (1,274,188)  | (1,229,782)   | (2,341,999)   | (4,505,974)  |
| Paid-in-kind income   | (68,904)   | (244,929)   | (454,000)   | (1,374,755)  |
| Proceeds from sales of long-term investments  | 155,525,531  | 169,407,174   | 336,857,961   | 863,695,736  |
| Purchases of long-term investments  | (172,085,955)  | (189,160,394)   | (372,053,171)   | (961,848,202)  |
| Net sales (purchases) of short-term securities  | (1,058,556)  | 1,822,139   | (4,608,468)   | (5,229,778)  |
| Cash provided by operating activities   | (11,949,651)   | (10,198,060)  | (24,499,599)  | (72,174,227)   |
| <b>Cash Used for Financing Activities</b>   |  |   |   |  |



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|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Cash receipts from borrowings  | 158,419,485   | 147,000,000   | 289,000,000   | 332,192,050   |
| Cash payments from borrowings  | (139,419,485) | (129,000,000) | (249,000,000) | (211,305,242) |
| Cash dividends paid to Common Shareholders                                     | (6,914,362)   | (8,742,955)   | (16,056,837)  | (45,295,689)  |
| Increase (decrease) in bank overdraft  | —             | 1,044,731     | 573,035       | (3,179,743)   |
| Cash used for financing activities   | 12,085,638    | 10,301,776    | 24,516,198    | 72,411,376    |
| <b>Cash Impact from Foreign Exchange Fluctuations</b>                          |               |               |               |               |
| Cash impact from foreign exchange fluctuations                                 | (306)         | (86)          | 89            | 3,794         |
| <b>Cash and Foreign Currency</b>   |               |               |               |               |
| Net increase in cash and foreign currency                                      | 135,681       | 103,630       | 16,688        | 240,943       |
| Cash and foreign currency at beginning of year                                 | 19,910        | 33,052        | 220,478       | 19,008        |
| Cash and foreign currency at end of year                                       | \$ 155,591    | \$ 136,682    | \$ 237,166    | \$ 259,951    |
| <b>Cash Flow Information</b>   |               |               |               |               |
| Cash paid during the year for interest and fees                                | \$ 387,853    | \$ 481,332    | \$ 802,607    | \$ 730,765    |
| <b>Noncash Financing Activities</b>  |               |               |               |               |
| Capital shares issued in reinvestment of dividends paid to Common Shareholders | \$ 263,352    | \$ 460,151    | \$ 876,684    | \$ 524,981    |

A Statement of Cash Flows is presented when a Fund has a significant amount of borrowing during the year, based on the average borrowing outstanding in relation to average total assets.

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock Defined Opportunity Credit Trust (BHL)

|   | Period                |            |            |                                  |
|---|-----------------------|------------|------------|----------------------------------|
|   | Year Ended August 31, |            |            | January 31,<br>2008 <sup>1</sup> |
|   | 2011                  | 2010       | 2009       | to August<br>31,<br>2008         |
| <b>Per Share Operating Performance</b>  |                       |            |            |                                  |
| Net asset value, beginning of period  | \$ 13.55              | \$ 12.53   | \$ 14.31   | \$ 14.33 <sup>2</sup>            |
| Net investment income <sup>3</sup>  | 0.86                  | 0.85       | 0.87       | 0.47                             |
| Net realized and unrealized gain (loss)   | (0.45)                | 0.87       | (1.55)     | 0.21                             |
| Net increase (decrease) from investment operations                                  | 0.41                  | 1.72       | (0.68)     | 0.68                             |
| Dividends and distributions from:   |                       |            |            |                                  |
| Net investment income   | (0.79)                | (0.70)     | (1.09)     | (0.62)                           |
| Tax return of capital   | —                     | —          | (0.01)     | (0.06)                           |
| Total dividends and distributions   | (0.79)                | (0.70)     | (1.10)     | (0.68)                           |
| Capital charges with respect to issuance of shares                                  | —                     | —          | —          | (0.02)                           |
| Net asset value, end of period  | \$ 13.17              | \$ 13.55   | \$ 12.53   | \$ 14.31                         |
| Market price, end of period   | \$ 12.65              | \$ 12.86   | \$ 11.03   | \$ 12.66                         |
| <b>Total Investment Return<sup>4</sup></b>  |                       |            |            |                                  |
| Based on net asset value  | 2.93%                 | 14.39%     | (2.16)%    | 4.79% <sup>5</sup>               |
| Based on market price   | 4.17%                 | 23.33%     | (2.65)%    | (11.44)% <sup>5</sup>            |
| <b>Ratios to Average Net Assets</b>   |                       |            |            |                                  |
| Total expenses  | 2.02%                 | 1.91%      | 2.39%      | 1.78% <sup>6</sup>               |
| Total expenses after fees waived and paid indirectly                                | 2.02%                 | 1.90%      | 2.39%      | 1.78% <sup>6</sup>               |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.71%                 | 1.65%      | 1.94%      | 1.48% <sup>6</sup>               |
| Net investment income   | 6.10%                 | 6.40%      | 8.11%      | 5.52% <sup>6</sup>               |
| <b>Supplemental Data</b>  |                       |            |            |                                  |
| Net assets, end of period (000)   | \$ 118,897            | \$ 122,062 | \$ 112,862 | \$ 127,695                       |
| Borrowings outstanding, end of period (000)   | \$ 43,000             | \$ 24,000  | \$ 27,000  | \$ 38,500                        |
| Average borrowings outstanding during the period (000)                              | \$ 36,369             | \$ 24,633  | \$ 31,141  | \$ 13,788                        |
| Portfolio turnover  | 91%                   | 102%       | 41%        | 18%                              |
| Asset coverage, end of period per \$1,000   | \$ 3,765              | \$ 6,086   | \$ 5,180   | \$ 4,317                         |

<sup>1</sup> Commencement of operations.

<sup>2</sup> 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.

<sup>3</sup> Based on average shares outstanding.

<sup>4</sup> 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. Where applicable,

total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>5</sup> Aggregate total investment return.

<sup>6</sup> Annualized.

See Notes to Financial Statements.

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## Financial Highlights

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

Year Ended August 31,

2011 2010 2009 2008 2007

## Per Share Operating Performance

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| Net asset value, beginning of year                 | \$ 10.47 | \$ 8.74  | \$ 13.94 | \$ 17.50 | \$ 18.70 |
| Net investment income <sup>1</sup>                 | 0.75     | 0.80     | 1.06     | 1.61     | 1.83     |
| Net realized and unrealized gain (loss)            | (0.28)   | 1.78     | (4.88)   | (3.41)   | (1.23)   |
| Net increase (decrease) from investment operations | 0.47     | 2.58     | (3.82)   | (1.80)   | 0.60     |
| Dividends and distributions from:                  |          |          |          |          |          |
| Net investment income                              | (0.69)   | (0.80)   | (1.14)   | (1.72)   | (1.80)   |
| Tax return of capital                              | (0.06)   | (0.05)   | (0.24)   | (0.04)   | —        |
| Total dividends and distributions                  | (0.75)   | (0.85)   | (1.38)   | (1.76)   | (1.80)   |
| Net asset value, end of year                       | \$ 10.19 | \$ 10.47 | \$ 8.74  | \$ 13.94 | \$ 17.50 |
| Market price, end of year                          | \$ 9.84  | \$ 10.45 | \$ 8.80  | \$ 12.77 | \$ 17.16 |

Total Investment Return<sup>2</sup>

|                          |       |        |          |          |       |
|--------------------------|-------|--------|----------|----------|-------|
| Based on net asset value | 4.30% | 30.27% | (23.82)% | (10.17)% | 3.00% |
| Based on market price    | 0.91% | 29.13% | (16.27)% | (16.08)% | 0.19% |

## Ratios to Average Net Assets

|   |       |       |        |        |       |
|---|-------|-------|--------|--------|-------|
| Total expenses  | 1.74% | 1.53% | 2.47%  | 2.77%  | 3.66% |
| Total expenses after fees waived and paid indirectly                                | 1.74% | 1.53% | 2.47%  | 2.77%  | 3.66% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.39% | 1.26% | 1.57%  | 1.23%  | 1.30% |
| Net investment income   | 6.99% | 7.86% | 13.63% | 10.40% | 9.63% |

## Supplemental Data

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Net assets, end of year (000)                        | \$ 126,307 | \$ 129,385 | \$ 107,556 | \$ 169,707 | \$ 212,792 |
| Borrowings outstanding, end of year (000)            | \$ 47,000  | \$ 29,000  | \$ 18,000  | \$ 65,500  | \$ 72,000  |
| Average borrowings outstanding during the year (000) | \$ 43,553  | \$ 25,074  | \$ 28,247  | \$ 64,335  | \$ 95,465  |
| Portfolio turnover                                   | 93%        | 105%       | 45%        | 41%        | 72%        |
| Asset coverage, end of year per \$1,000              | \$ 3,687   | \$ 5,462   | \$ 6,975   | \$ 3,591   | \$ 3,955   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> 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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

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## Financial Highlights

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

|   | Year Ended August 31, |            |            |            |            |
|---|-----------------------|------------|------------|------------|------------|
|   | 2011                  | 2010       | 2009       | 2008       | 2007       |
| <b>Per Share Operating Performance</b>  |                       |            |            |            |            |
| Net asset value, beginning of year  | \$ 14.36              | \$ 12.93   | \$ 16.12   | \$ 18.25   | \$ 19.32   |
| Net investment income <sup>1</sup>  | 0.96                  | 0.91       | 1.14       | 1.45       | 1.54       |
| Net realized and unrealized gain (loss)   | (0.36)                | 1.48       | (3.04)     | (2.03)     | (1.07)     |
| Net increase (decrease) from investment operations                                  | 0.60                  | 2.39       | (1.90)     | (0.58)     | 0.47       |
| Dividends and distributions from:   |                       |            |            |            |            |
| Net investment income   | (0.86)                | (0.94)     | (1.29)     | (1.55)     | (1.54)     |
| Tax return of capital   | (0.06)                | (0.02)     | —          | —          | —          |
| Total dividends and distributions   | (0.92)                | (0.96)     | (1.29)     | (1.55)     | (1.54)     |
| Net asset value, end of year  | \$ 14.04              | \$ 14.36   | \$ 12.93   | \$ 16.12   | \$ 18.25   |
| Market price, end of year   | \$ 13.33              | \$ 14.61   | \$ 12.26   | \$ 14.49   | \$ 16.70   |
| <b>Total Investment Return<sup>2</sup></b>  |                       |            |            |            |            |
| Based on net asset value  | 4.04%                 | 18.91%     | (8.88)%    | (2.56)%    | 2.74%      |
| Based on market price   | (2.91)%               | 27.59%     | (3.88)%    | (4.28)%    | 3.85%      |
| <b>Ratios to Average Net Assets</b>   |                       |            |            |            |            |
| Total expenses  | 1.60%                 | 1.45%      | 1.96%      | 2.61%      | 3.33%      |
| Total expenses after fees waived and paid indirectly                                | 1.60%                 | 1.45%      | 1.96%      | 2.60%      | 3.33%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense |                       |            |            |            |            |
| interest expense  | 1.30%                 | 1.22%      | 1.31%      | 1.18%      | 1.20%      |
| Net investment income   | 6.44%                 | 6.43%      | 10.18%     | 8.49%      | 7.88%      |
| <b>Supplemental Data</b>  |                       |            |            |            |            |
| Net assets, end of year (000)   | \$ 259,205            | \$ 264,379 | \$ 237,160 | \$ 295,005 | \$ 334,065 |
| Borrowings outstanding, end of year (000)   | \$ 93,000             | \$ 53,000  | \$ 38,000  | \$ 101,500 | \$ 107,000 |
| Average borrowings outstanding during the year (000)                                | \$ 79,195             | \$ 48,258  | \$ 50,591  | \$ 102,272 | \$ 133,763 |
| Portfolio turnover  | 91%                   | 96%        | 58%        | 49%        | 69%        |
| Asset coverage, end of year per \$1,000   | \$ 3,787              | \$ 5,988   | \$ 7,241   | \$ 3,906   | \$ 4,122   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> 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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

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## Financial Highlights

BlackRock Limited Duration Income Trust  
(BLW)

|   | Year Ended August 31, |                   | Period<br>November<br>1,<br>2007 to |                      |            |            |
|---|-----------------------|-------------------|-------------------------------------|----------------------|------------|------------|
|   | 2011                  | 2010              | 2009                                | 2008                 | 2007       | 2006       |
| <b>Per Share Operating Performance</b>  |                       |                   |                                     |                      |            |            |
| Net asset value, beginning of period  | \$ 16.79              | \$ 14.95          | \$ 16.71                            | \$ 18.52             | \$ 19.01   | \$ 19.17   |
| Net investment income   | 1.34 <sup>1</sup>     | 1.12 <sup>1</sup> | 1.01 <sup>1</sup>                   | 1.14 <sup>1</sup>    | 1.50       | 1.35       |
| Net realized and unrealized gain (loss)   | (0.37)                | 1.62              | (1.61)                              | (1.76)               | (0.49)     | 0.03       |
| Net increase (decrease) from investment operations                                  | 0.97                  | 2.74              | (0.60)                              | (0.62)               | 1.01       | 1.38       |
| Dividends and distributions from:   |                       |                   |                                     |                      |            |            |
| Net investment income   | (1.24)                | (0.90)            | (1.16)                              | (1.19)               | (1.41)     | (1.52)     |
| Net realized gain   | —                     | —                 | —                                   | —                    | (0.06)     | —          |
| Tax return of capital   | —                     | —                 | —                                   | —                    | (0.03)     | (0.02)     |
| Total dividends and distributions   | (1.24)                | (0.90)            | (1.16)                              | (1.19)               | (1.50)     | (1.54)     |
| Net asset value, end of period  | \$ 16.52              | \$ 16.79          | \$ 14.95                            | \$ 16.71             | \$ 18.52   | \$ 19.01   |
| Market price, end of period   | \$ 16.01              | \$ 16.76          | \$ 14.09                            | \$ 14.57             | \$ 16.68   | \$ 18.85   |
| <b>Total Investment Return<sup>2</sup></b>  |                       |                   |                                     |                      |            |            |
| Based on net asset value  | 5.85%                 | 19.00%            | (1.57)%                             | (2.60)% <sup>3</sup> | 5.66%      | 7.85%      |
| Based on market price   | 2.77%                 | 26.04%            | 6.40%                               | (5.70)% <sup>3</sup> | (4.03)%    | 17.31%     |
| <b>Ratios to Average Net Assets</b>   |                       |                   |                                     |                      |            |            |
| Total expenses  | 1.01%                 | 0.82%             | 0.72%                               | 1.39% <sup>4</sup>   | 2.16%      | 2.20%      |
| Total expenses after fees waived and before fees paid indirectly                    | 1.00%                 | 0.81%             | 0.71%                               | 1.39% <sup>4</sup>   | 2.16%      | 2.20%      |
| Total expenses after fees waived and paid indirectly                                | 1.00%                 | 0.81%             | 0.71%                               | 1.38% <sup>4</sup>   | 2.14%      | 2.19%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.87%                 | 0.73%             | 0.69%                               | 0.76% <sup>4</sup>   | 0.83%      | 0.91%      |
| Net investment income   | 7.75%                 | 6.90%             | 7.42%                               | 7.84% <sup>4</sup>   | 7.92%      | 7.10%      |
| <b>Supplemental Data</b>  |                       |                   |                                     |                      |            |            |
| Net assets, end of period (000)   | \$ 609,818            | \$ 619,381        | \$ 551,505                          | \$ 616,393           | \$ 638,109 | \$ 699,206 |
| Borrowings outstanding, end of period (000)   | \$ 244,120            | \$ 123,233        | —                                   | \$ 64,538            | \$ 109,287 | \$ 220,000 |
| Average borrowings outstanding during the period (000)                              | \$ 191,303            | \$ 44,160         | \$ 11,705                           | \$ 120,295           | \$ 172,040 | \$ 179,366 |
| Portfolio turnover  | 106% <sup>5</sup>     | 248% <sup>6</sup> | 287% <sup>7</sup>                   | 191% <sup>8</sup>    | 65%        | 132%       |
| Asset coverage, end of period per \$1,000   | \$ 3,498              | \$ 6,026          | —                                   | \$ 10,551            | \$ 7,251   | \$ 4,178   |

<sup>1</sup> Based on average shares outstanding.<sup>2</sup> 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.

Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

<sup>5</sup> Includes mortgage dollar roll and TBA transactions. Excluding these transactions, the portfolio turnover would have been 87%.

<sup>6</sup> Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 113%.

<sup>7</sup> Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 79%.

<sup>8</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 24%.

See Notes to Financial Statements.

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## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies:

BlackRock Defined Opportunity Credit Trust ( BHL ), BlackRock Diversified Income Strategies Fund, Inc. ( DVF ), BlackRock Floating Rate Income Strategies Fund, Inc. ( FRA ) and BlackRock Limited Duration Income Trust ( BLW ) (collectively, the Funds or individually as a Fund ) are registered under the Investment Company Act of 1940, as amended (the 1940 Act ), as diversified, closed-end management investment companies. BHL and BLW are organized as Delaware Statutory trusts. DVF and FRA are organized as Maryland corporations. The Funds financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( US GAAP ), which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Board of Directors and the Board of Trustees of the Funds are referred to throughout this report as the Board of Directors or the Board . The Funds determine and make available for publication the net asset values on a daily basis.

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

Valuation: US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds fair value their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The Funds value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the 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. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price. To-be-announced ( TBA ) commitments are valued on the basis of last available bid prices or current market quotations provided by pricing services. Swap agreements are valued utilizing quotes received daily by the Funds pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference



instruments. Investments in open-end registered investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System ( NASDAQ ) 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 (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 security.

Securities and other assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates determined as of the close of business on the NYSE. Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

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 the prior day's price no longer reflects the fair value of the option. Over-the-counter ( OTC ) options are valued by an independent pricing service using a mathematical model which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.

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 or if a price is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that each Fund 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 instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE

that may not be reflected in the computation of 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 instruments, those instruments may be Fair Value Assets and be valued at their fair value, as determined in good faith by the investment advisor using a pricing service and/or policies approved by the Board.

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## Notes to Financial Statements (continued)

**Foreign Currency Transactions:** The Funds' books and records are maintained in US dollars. Purchases and sales of investment securities are recorded at the rates of exchange prevailing on the respective date of such transactions. Generally, when the US dollar rises in value against a foreign currency, the Funds' investments denominated in that currency will lose value because its currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

The Funds do not isolate the portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in foreign currency exchange rates on investments are not segregated on the Statements of Operations from the effects of changes in market prices of those investments but are included as a component of net realized and unrealized gain (loss) from investments. The Funds report realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

**Asset-Backed and Mortgage-Backed Securities:** Certain Funds may invest in asset-backed securities. Asset-backed securities are generally issued as pass-through certificates, which represent undivided fractional ownership interests in an underlying pool of assets, or as debt instruments, which are also known as collateralized obligations, and are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security subject to such a prepayment feature will have the effect of shortening the maturity of the security. If a Fund has purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the premium paid.

Certain Funds may purchase certain mortgage pass-through securities. There are a number of important differences among the agencies and instrumentalities of the US government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by Ginnie Mae are guaranteed as to the

timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by Freddie Mac and Fannie Mae, including Freddie Mac and Fannie Mae guaranteed Mortgage Pass-Through Certificates, which are solely the obligations of Freddie Mac and Fannie Mae, are not backed by or entitled to the full faith and credit of the United States but are supported by the right of the issuer to borrow from the Treasury.

**Zero-Coupon Bonds:** Certain Funds may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

**Preferred Stock:** Certain 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.

**Floating Rate Loan Interests:** Certain Funds may invest in floating rate loan interests. The floating rate loan interests the Funds hold are typically issued to companies (the "borrower") by banks, other financial institutions, and privately and publicly offered corporations (the "lender"). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged. The Funds may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR (London Interbank Offered Rate), the prime rate offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Funds consider these investments to be investments in debt securities for purposes of their investment policies.

When a Fund purchases a floating rate loan interest it may receive a facility

fee and when it sells a floating rate loan interest it may pay a facility fee. On an ongoing basis, the Funds may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respec-

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## Notes to Financial Statements (continued)

tively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by the Funds upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Funds 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 loan interests are usually freely callable at the borrower's option. The Funds may invest in such loans in the form of participations in loans ("Participations") or assignments ("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. The Funds 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, nor any rights of offset against the borrower, and the Funds 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' investment in loan participation interests involves 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. Assignments typically result in the Funds having a direct contractual relationship with the borrower, and the Funds may enforce compliance by the borrower with the terms of the loan agreement.

**Forward Commitments and When-Issued Delayed Delivery Securities:** Certain Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Funds may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Funds may be required to pay more at settlement than the security is worth. In addition, the Funds are not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Funds' maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions, which is shown in the Schedules of Investments.

**TBA Commitments:** Certain Funds may enter into TBA commitments. TBA commitments are forward agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date; however, delivered securities must meet specified terms, including issuer, rate and mortgage terms. The Funds generally enter into TBA commitments with the intent to take possession of or deliver the underlying mortgage-backed securities but can extend the settlement or roll the transaction. TBA commitments involve a risk of loss if the value of the security to be purchased or sold declines or increases, respectively, prior to settlement date.

**Mortgage Dollar Roll Transactions:** Certain Funds may sell TBA mortgage-backed securities and simultaneously contract to repurchase substantially similar (same type, coupon and maturity) securities on a specific future date at an agreed upon price. During the period between the sale and repurchase, the Funds will not be entitled to receive interest and principal payments on the securities sold. The Funds account for mortgage dollar roll transactions as purchases and sales and realize gains and losses on these transactions. These transactions may increase the Funds' portfolio turnover rate. Mortgage dollar rolls involve the risk that the market value of the securities that the Funds are required to purchase may decline below the agreed upon repurchase price of those securities.

**Reverse Repurchase Agreements:** Certain Funds may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Funds sell securities to a bank or broker-dealer and agree to repurchase the same securities at a mutually agreed upon date and price. Certain agreements have no stated maturity and can be terminated by either party at any time. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon competitive market rates determined at the time of issuance. The Funds may utilize reverse repurchase agreements when it is anticipated that the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Funds are obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Funds' use of the proceeds of the agreement may be restricted while the other party, or its trustee or receiver, determines whether or not to enforce the Funds' obligation to repurchase the securities.

**Segregation and Collateralization:** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission ("SEC") require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., dollar rolls, TBA sale commitments, financial futures contracts, foreign currency exchange contracts and swaps), or certain borrowings (e.g., reverse repurchase agreements and

loans payable), the Funds will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on their books and records cash or liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party to such transactions has requirements to deliver/deposit securities as collateral for certain investments.

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## Notes to Financial Statements (continued)

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment 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 are informed of the ex-dividend date. Upon notification from issuers, some of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in interest income in the Statements of Operations.

**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

**Income Taxes:** It is each Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds' US federal tax returns remains open for each of the three years ended August 31, 2011 and the period ended August 31, 2008 for BHL, the four years ended August 31, 2011 for DVF and FRA and for the three years ended August 31, 2011 and the period ended August 31, 2008 for BLW. The statutes of limitations on the Funds' state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

DVF, FRA and BLW have wholly owned taxable subsidiaries organized as a limited liability companies (the Taxable Subsidiaries) which are listed in the Schedules of Investments. The Taxable Subsidiaries enable a Fund to hold an investment that is organized as an operating partnership while still satisfying Regulated Investment Company tax requirements. Income earned

on the investments held by the Taxable Subsidiaries is taxable to such subsidiaries. An income tax provision for all income, including realized and unrealized gains, if any, of the Taxable Subsidiaries is reflected in the value of the Taxable Subsidiaries.

Recent Accounting Standard: In May 2011, the Financial Accounting Standards Board issued amended guidance to improve disclosure about fair value measurements which will require the following disclosures for fair value measurements categorized as Level 3: quantitative information about the unobservable inputs and assumptions used in the fair value measurement, a description of the valuation policies and procedures and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, the amounts and reasons for all transfers in and out of Level 1 and Level 2 will be required to be disclosed. The amended guidance is effective for financial statements for fiscal years beginning after December 15, 2011, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds financial statements and disclosures.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Fund's Board, independent Directors ( Independent Directors ) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other 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 certain other BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations there-under represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund's deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in dividends affiliated in the Statements of Operations.

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.

The Funds have an arrangement with the custodians whereby fees may be reduced by credits earned on uninvested cash balances, which, if applicable, are shown as fees paid indirectly in the Statements of Operations. The custodians impose fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.



## Notes to Financial Statements (continued)

### 2. Derivative Financial Instruments:

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks such as credit risk, interest rate risk or foreign currency exchange rate risk. These contracts may be transacted on an exchange or OTC.

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. The Funds' maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain netted against any collateral pledged by/posted to the counterparty. For OTC options purchased, the Funds bear the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral received on the options should the counterparty fail to perform under the contracts. Options written by the Funds do not give rise to counterparty credit risk, as options written obligate the Funds to perform and not the counterparty. Counterparty risk related to exchange-traded financial futures contracts and options is deemed to be minimal due to the protection against defaults provided by the exchange on which these contracts trade.

The Funds may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. master agreement ("ISDA Master Agreement") implemented between a Fund and each of its respective counterparties. The ISDA Master Agreement allows each Fund to offset with each separate counterparty certain derivative financial instrument's payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Funds from their counterparties are not fully collateralized contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1 "Segregation and Collateralization" for information with respect to collateral practices. In addition, the Funds manage counterparty risk by entering into agreements only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Funds' net assets decline by a stated percentage or the Funds fail to meet the terms of their ISDA Master Agreements, which would cause the Funds to accelerate payment of any net liability owed to the counterparty.

Financial Futures Contracts: The Funds purchase or sell financial futures

contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk). Financial futures contracts are agreements between the Funds and counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recorded by the Funds as unrealized appreciation or depreciation. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

**Foreign Currency Exchange Contracts:** The Funds enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Funds, help to manage the overall exposure to the currencies, in which some of the investments held by the Funds are denominated. 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. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that a counterparty to the contract does not perform its obligations under the agreement.

**Options:** The Funds purchase and write call and put options to increase or decrease their exposure to underlying instruments (interest rate risk) and/or, in the case of options written, to generate gains from options premiums. 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 instrument at the exercise price or strike 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 instrument at the exercise price or strike price at any time or at a specified time during the option period. When the Funds purchase (write) an option, an amount equal to the premium paid (received) by the Funds is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument 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 instrument acquired or deducted from (or added to) the proceeds of the instrument 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

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## Notes to Financial Statements (continued)

premiums received or paid). When the Funds write a call option, such option is “covered,” meaning that the Funds hold the underlying instrument subject to being called by the option counterparty. When the Funds write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

In purchasing and writing options, the Funds bear the risk of an unfavorable change in the value of the underlying instrument or the risk that the Funds may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Funds purchasing or selling a security at a price different from the current market value.

Swaps: The Funds enter into swap agreements, in which the Funds 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 Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. 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. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

•Credit default swaps — The Funds enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Funds enter into credit default swap agreements to provide a measure of protection against the default of an issuer (as buyer of protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place with respect to the referenced entity

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(e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Funds will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Funds will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

### Derivative Financial Instruments Categorized by Risk Exposure:

Fair Values of Derivative Financial Instruments as of August 31, 2011

|                                     |  | Asset Derivatives |          |           |             |
|-------------------------------------|--|-------------------|----------|-----------|-------------|
|                                     |  | BHL               | DVF      | FRA       | BLW         |
|                                     | Statements of Assets and Liabilities Location                                  |                   |          |           | Value       |
| Interest rate contracts             | Net unrealized appreciation/depreciation*; Investments at value — unaffiliated |                   | —        | —         | —\$ 163,069 |
| Foreign currency exchange contracts | Unrealized appreciation on foreign currency exchange contracts                 | \$ 6,145          | \$ 5,404 | \$ 14,636 | 2,050       |
| Credit contracts                    | Unrealized appreciation on swaps; Investments at value — unaffiliated          |                   | —        | —         | — 442,674   |
| Total                               |  | \$ 6,145          | \$ 5,404 | \$ 14,636 | \$ 607,793  |

\* Includes cumulative appreciation/depreciation on financial futures contracts as reported in the Schedules of Investments. Only current day's margin variation is reported within the Statements of Assets and Liabilities.



## Notes to Financial Statements (continued)

|   |  | Liability Derivatives |           |           |              |
|---|--|-----------------------|-----------|-----------|--------------|
|   |  | BHL                   | DVF       | FRA       | BLW          |
| Statements of Assets and Liabilities Location |  | Value                 |           |           |              |
| Foreign currency exchange contracts           | Unrealized depreciation on foreign currency exchange contracts | \$ 32,056             | \$ 27,935 | \$ 72,186 | \$ 557,808   |
| Credit contracts                              | Unrealized depreciation on swaps; Options written at value     | —                     | —         | —         | 673,454      |
| Total   |  | \$ 32,056             | \$ 27,935 | \$ 72,186 | \$ 1,231,262 |

## The Effect of Derivative Financial Instruments in the Statements of Operations

Year Ended August 31, 2011

|                                      |  | Net Realized Gain (Loss) from |              |                |                |
|--------------------------------------|--|-------------------------------|--------------|----------------|----------------|
|                                      |  | BHL                           | DVF          | FRA            | BLW            |
| Interest rate contracts:             |  |                               |              |                |                |
| Financial futures contracts          |  | —                             | —            | —              | — \$ (730,556) |
| Options**                            |  | —                             | —            | —              | (21,025)       |
| Foreign currency exchange contracts: |  |                               |              |                |                |
| Foreign currency exchange contracts  |  | \$ (1,200,556)                | \$ (858,489) | \$ (1,693,285) | (3,102,124)    |
| Credit contracts:                    |  |                               |              |                |                |
| Swaps                                |  | —                             | (10,913)     | —              | (72,270)       |
| Total                                |  | \$ (1,200,556)                | \$ (869,402) | \$ (1,693,285) | (3,925,975)    |

## Net Change in Unrealized Appreciation/Depreciation on

|                                      |  | BHL         | DVF        | FRA        | BLW         |
|--------------------------------------|--|-------------|------------|------------|-------------|
| Interest rate contracts:             |  |             |            |            |             |
| Financial futures contracts          |  | —           | —          | —          | —\$ 343,883 |
| Options**                            |  | —           | —          | —          | 65,209      |
| Foreign currency exchange contracts: |  |             |            |            |             |
| Foreign currency exchange contracts  |  | \$ (25,433) | \$ (8,192) | \$ (9,827) | 141,387     |
| Credit contracts:                    |  |             |            |            |             |
| Options**                            |  | —           | —          | —          | —(149,589)  |
| Swaps                                |  | —           | —21,480    | —          | 6,980       |
| Total                                |  | \$ (25,433) | \$ 13,288  | \$ (9,827) | \$ 407,870  |

\*\* Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

## Notes to Financial Statements (continued)

For the year ended August 31, 2011, the average quarterly balances of outstanding derivative financial instruments were as follows:

|  | BHL          | DVF          | FRA          | BLW            |
|--|--------------|--------------|--------------|----------------|
| Financial futures contracts:                           |              |              |              |                |
| Average number of contracts purchased                  | —            | —            | —            | 46             |
| Average number of contracts sold                       | —            | —            | —            | 64             |
| Average notional value of contracts purchased          | —            | —            | —            | —\$11,349,689  |
| Average notional value of contracts sold               | —            | —            | —            | —\$12,492,610  |
| Foreign currency exchange contracts:                   |              |              |              |                |
| Average number of contracts-US dollars purchased       | 6            | 5            | 6            | 6              |
| Average number of contracts-US dollars sold            | 1            | 2            | 2            | 2              |
| Average US dollar amounts purchased                    | \$10,435,836 | \$10,007,124 | \$18,601,855 | \$46,511,310   |
| Average US dollar amounts sold                         | \$ 549,322   | \$ 651,650   | \$ 2,041,051 | \$ 806,249     |
| Options:   |              |              |              |                |
| Average number of option contracts purchased           | —            | 13           | 20           | 46             |
| Average notional value of option contracts purchased   | —            | \$ 12,257    | \$ 18,857    | \$ 43,372      |
| Average number of swaption contracts purchased         | —            | —            | —            | 1              |
| Average number of swaption contracts written           | —            | —            | —            | 2              |
| Average notional value of swaption contracts purchased | —            | —            | —            | — \$ 3,700,000 |
| Average notional value of swaption contracts written   | —            | —            | —            | —\$11,250,000  |
| Credit default swaps:                                  |              |              |              |                |
| Average number of contracts-buy protection             | —            | —            | —            | 2              |
| Average number of contracts-sell protection            | —            | 2            | —            | 1              |
| Average notional value-buy protection                  | —            | —            | —            | — \$ 4,475,000 |
| Average notional value-sell protection                 | —            | \$ 75,000    | —            | — \$ 2,350,000 |

### 3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. ("PNC") and Barclays Bank PLC ("Barclays") are the largest stockholders of BlackRock, Inc. ("BlackRock"). Due to the ownership structure, PNC is an affiliate for 1940 Act purposes, but Barclays is not.

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the "Manager"), the Funds' investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each

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Fund. For such services, each Fund pays the Manager a monthly fee based on a percentage of each Fund's average daily net assets, plus the proceeds of any outstanding borrowings used for leverage as follows:

|     |       |
|-----|-------|
| BHL | 1.00% |
| DVF | 0.75% |
| FRA | 0.75% |
| BLW | 0.55% |

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds, however the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with each Fund's investment in other affiliated investment companies, if any. These amounts are shown as, or included in, fees waived by advisor in the Statements of Operations. For the year ended August 31, 2011, the amounts waived were as follows:

|     |         |
|-----|---------|
| BHL | \$1,448 |
| DVF | \$1,551 |
| FRA | \$2,385 |
| BLW | \$4,615 |

The Manager entered into a sub-advisory agreement with BlackRock Financial Management, Inc. ("BFM"), an affiliate of the Manager. The Manager pays BFM, for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

For the year ended August 31, 2011, each Fund reimbursed the Manager for certain accounting services, which is included in accounting services in the Statements of Operations. The reimbursements were as follows:

|     |         |
|-----|---------|
| BHL | \$ 949  |
| DVF | \$1,036 |
| FRA | \$2,073 |
| BLW | \$5,013 |

Effective January 1, 2011, the Funds no longer reimburse the Manager for accounting services.

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for compensation paid to the Funds' Chief Compliance Officer.

#### 4. Investments:

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Purchases and sales of investments including paydowns, mortgage dollar roll transactions and TBA transactions and excluding short-term securities and US government securities for the year ended August 31, 2011, were as follows:

|     | Purchases     | Sales         |
|-----|---------------|---------------|
| BHL | \$169,436,075 | \$152,612,073 |
| DVF | \$184,516,707 | \$169,898,942 |
| FRA | \$365,868,860 | \$332,304,439 |
| BLW | \$949,407,046 | \$862,187,801 |

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## Notes to Financial Statements (continued)

For the year ended August 31, 2011, purchases and sales of US government securities for BLW were \$25,829,399 and \$25,190,604, respectively.

For the year ended August 31, 2011, purchases and sales of mortgage dollar rolls for BLW were \$158,340,141 and \$158,868,996, respectively.

Transactions in options written for the year ended August 31, 2011 were as follows:

| BLW                                    | Calls     |                | Puts      |                |          |
|--|-----------|----------------|-----------|----------------|----------|
|  | Swaptions | Premiums       | Swaptions | Premiums       |          |
|  |           | Notional (000) | Received  | Notional (000) | Received |
| Outstanding options, beginning of year | —         | —              | —         | —              | —        |
| Options written                        | 7,400     | \$76,220       | 15,100    | \$229,830      |          |
| Options closed                         | —         | —              | —         | —              | —        |
| Outstanding options, end of year       | 7,400     | \$76,220       | 15,100    | \$229,830      |          |

### 5. Income Tax Information:

Reclassifications: US GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of August 31, 2011 attributable to the accounting for swap agreements, amortization methods on fixed income securities, foreign currency transactions, net paydown losses and income recognized from pass-through entities were reclassified to the following accounts:

|  | BHL            | DVF          | FRA          | BLW          |
|--|----------------|--------------|--------------|--------------|
| Paid-in capital  | \$ (542)       | \$ 21,024    | \$ 18,397    | \$ 34,121    |
| Undistributed (distributions in excess of) net investment income | \$ (1,041,314) | \$ (917,781) | (1,364,758)  | (5,585,944)  |
| Accumulated net realized loss                                    | \$ 1,041,856   | \$ 896,757   | \$ 1,346,361 | \$ 5,551,823 |

The tax character of distributions paid during the fiscal years ended August 31, 2011 and August 31, 2010 was as follows:

|                 |           | BHL       | DVF          | FRA           | BLW           |
|-----------------|-----------|-----------|--------------|---------------|---------------|
| Ordinary Income | 8/31/2011 | 7,140,522 | \$ 8,509,258 | \$ 15,965,641 | \$ 45,830,635 |
|                 | 8/31/2010 | 6,270,058 | 9,834,088    | 17,335,715    | 33,200,685    |

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|                       |           |           |              |              |              |
|-----------------------|-----------|-----------|--------------|--------------|--------------|
| Tax return of capital | 8/31/2011 | —         | 739,496      | 1,072,049    | —            |
|                       | 8/31/2010 | —         | 666,707      | 378,219      | —            |
|                       |           |           | \$           |              |              |
| Total distributions   | 8/31/2011 | 7,140,522 | \$ 9,248,754 | \$17,037,690 | \$45,830,635 |
|                       |           |           | \$           | \$           |              |
|                       | 8/31/2010 | 6,270,058 | 10,500,795   | \$17,713,934 | \$33,200,685 |

As of August 31, 2011, the tax components of accumulated net losses were as follows:

|                               | BHL            | DVF             | FRA            | BLW            |
|-------------------------------|----------------|-----------------|----------------|----------------|
| Undistributed ordinary income | \$ 268,093     |                 | —              | — \$ 4,505,393 |
| Capital loss carryforwards    | (3,842,154)    | \$ (85,344,140) | \$(68,318,117) | (69,388,372)   |
| Net unrealized losses*        | (5,602,122)    | (17,552,083)    | (22,462,146)   | (27,200,566)   |
| Total                         | \$ (9,176,183) | \$(102,896,223) | \$(90,780,263) | \$(92,083,545) |

\* The differences between book-basis and tax-basis net unrealized losses were attributable primarily to the tax deferral of losses on wash sales, amortization methods for premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/losses on certain futures and foreign currency contracts, the deferral of post-October currency and capital losses for tax purposes, the timing and recognition of partnership income, the accounting for swap agreements, the deferral of compensation to directors and investments in wholly owned subsidiaries.

As of August 31, 2011, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| Expires August 31, | BHL          | DVF        | FRA          | BLW        |
|--------------------|--------------|------------|--------------|------------|
| 2013               |              | —          | —            | \$ 691,829 |
| 2014               |              | —          | \$ 1,755,694 | —          |
| 2015               |              | —          | 2,237,399    | —          |
|                    |              |            |              | \$         |
| 2016               |              | —          | 1,444,704    | 475,453    |
| 2017               |              | —          | 20,249,830   | 20,954,032 |
| 2018               | \$ 3,842,154 | 52,502,532 | 43,990,722   | 37,509,275 |
| 2019               |              | —          | 7,153,981    | 2,206,081  |
|                    |              |            | \$           | \$         |
| Total              | \$ 3,842,154 | 85,344,140 | 68,318,117   | 69,388,372 |

Under the recently enacted Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Funds after August 31, 2011 will not be subject to expiration. In addition, any such losses must be utilized prior to the losses incurred in pre-enactment taxable years.

## Notes to Financial Statements (continued)

### 6. Borrowings:

On March 4, 2010, BHL, DVF and FRA entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the "SSB Agreement") with State Street Bank and Trust Company ("SSB"). The Funds have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

|     | Commitment<br>Amounts |
|-----|-----------------------|
| BHL | \$ 55,000,000         |
| DVF | \$ 55,000,000         |
| FRA | \$103,000,000         |

Advances were made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 1.0% above the Fed Funds rate or (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above the 7-day, 30-day, 60-day or 90-day LIBOR.

Effective March 3, 2011, the SSB Agreement was renewed for 364 days. The SSB Agreement allows for the following maximum commitment amounts:

|     | Commitment<br>Amounts |
|-----|-----------------------|
| BHL | \$ 63,300,000         |
| DVF | \$ 66,800,000         |
| FRA | \$137,200,000         |

Advances are made by SSB to the Funds at the Funds' option of (a) the higher of (i) 0.80% above the Fed Funds rate or (ii) 0.80% above the Overnight LIBOR or (b) 0.80% above the 7-day, 30-day, 60-day or 90-day LIBOR. In addition, the Funds pay a facility fee and a commitment fee based on SSB's total commitment to the Funds. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Funds as of August 31, 2011 are shown in the Statements of Assets and Liabilities as loan payable.

The Funds may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.



During the year ended August 31, 2011, BLW borrowed under the Term Asset-Backed Securities Loan Facility ("TALF"). The TALF program was launched by the US Department of Treasury and the Federal Reserve Board as a credit facility designed to restore liquidity to the market for asset-backed securities. The Federal Reserve Bank of New York ("FRBNY") provided up to \$1 trillion in non-recourse loans to support the issuance of certain AAA-rated asset-backed securities and commercial mortgage-backed securities ("Eligible Securities"). The Fund posted as collateral already-held Eligible Securities, which were all commercial mortgage-backed securities, in return for non-recourse, 5-year term loans ("TALF loans") in an amount equal to approximately 85% of the value of such Eligible Securities.

The non-recourse provision of the TALF loans allowed the Fund to satisfy loan obligations with Eligible Securities, subject to certain conditions, even if the value of the Eligible Securities falls below the outstanding amount of the loan. The Fund was able to repay TALF loans prior to the maturity dates with no penalty. Principal and interest due on the loans will typically be paid with principal paydowns and interest received from the Eligible Securities. Credit agreements underlying each loan contain provisions to address instances in which interest payments on Eligible Securities fall short of amounts due to the FRBNY. The Fund paid to the FRBNY a one time administration fee of 0.20% of the amount borrowed. The Fund also paid a financing fee equal to the 5-year LIBOR swap rate plus 1.00% on the outstanding loan amount payable monthly, which is included in interest expense in the Statements of Operations.

During the year ended August 31, 2011, the Fund repaid its outstanding TALF loans and the Eligible Securities posted as collateral were returned to the Fund. The Fund financed the repayment of the TALF loans by entering into reverse repurchase agreements.

Since the Fund had the ability to potentially satisfy TALF loan obligations by surrendering Eligible Securities, potential losses by the Fund associated with the TALF loans were limited to the difference between the amount of Eligible Securities posted at the time of loan initiation and the loan proceeds received by the Fund.

The Fund elected to account for the outstanding TALF loans at fair value. The Fund elected to fair value its TALF loans to more closely align changes in the value of the TALF loans with changes in the value of the Eligible Securities and to reduce the potential volatility in the Statements of Operations which could result if only the Eligible Securities were fair valued. The TALF loans were valued utilizing quotations received from a board approved pricing service. TALF-eligible Asset-Backed Securities/ Collateralized Mortgage-Backed Securities ("ABS/CMBS") value may be affected by historic defaults and prepayments on the asset pool, expected future defaults and prepayments, current interest rate levels, current and forward modeled ABS/CMBS spread levels. Accordingly, TALF loan valuation methodologies may include, but are not limited to, the following inputs:

(i) ABS/CMBS prepayment assumptions, (ii) discount rates and (iii) the non-recourse put option valuation. The resulting TALF loan valuation combines the present value of the future loan cash flows, plus the value of the nonrecourse option. The change in unrealized gain or loss associated with fair valuing the TALF loans is reflected in the Statements of Operations.

For the year ended August 31, 2011, the daily weighted average interest rate for BLW with borrowings from reverse repurchase agreements and TALF loans was as follows:

|     | Daily Weighted<br>Average<br>Interest Rate |
|-----|--|
| BLW | 0.44%                                      |

## Notes to Financial Statements (concluded)

For the year ended August 31, 2011, the daily weighted average interest rates for Funds with loans under the revolving credit agreements were as follows:

|     | Daily Weighted<br>Average<br>Interest Rate |
|-----|--|
| BHL | 1.07%                                      |
| DVF | 1.06%                                      |
| FRA | 1.07%                                      |

### 7. Commitments:

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into unfunded floating rate loan interests ("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. Unfunded floating rate loan interests are marked-to-market daily, and any unrealized appreciation or depreciation is included in the Statements of Assets and Liabilities and Statements of Operations.

As of August 31, 2011, the Funds had the following unfunded floating rate loan interests:

| Borrower                      | Unfunded<br>Floating Rate<br>Loan Interest | Value of<br>Underlying<br>Floating Rate<br>Loan Interest | Unrealized<br>Depreciation |
|-------------------------------|--|--|----------------------------|
| BHL                           |  |  |                            |
| Horizon Lines, LLC            |  | \$ 52,582  | \$ 52,123                  |
| Reynolds Group Holdings, Inc. |  | \$1,188,000  | \$1,149,756                |
| DVF                           |  |  |                            |
| Horizon Lines, LLC            |  | \$ 52,582  | \$ 52,138                  |
| Reynolds Group Holdings, Inc. |  | \$1,386,000  | \$1,341,382                |
| FRA                           |  |  |                            |
| Horizon Lines, LLC            |  | \$ 105,164   | \$ 104,280                 |
| Reynolds Group Holdings, Inc. |  | \$2,376,000  | \$2,299,512                |
| BLW                           |  |  |                            |

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|                               |             |             |             |
|-------------------------------|-------------|-------------|-------------|
| Reynolds Group Holdings, Inc. | \$3,465,013 | \$3,353,455 | \$(111,558) |
|-------------------------------|-------------|-------------|-------------|

## 8. Concentration, Market and Credit Risk:

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments.

The Funds manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Funds' Statements of Assets and Liabilities, less any collateral held by the Funds.

The Funds invest a significant portion of their assets in securities backed by commercial or residential mortgage loans or in issuers that hold mortgage and other asset-backed securities. Please see the Schedules of Investments for these securities. Changes in economic conditions, including delinquencies and/or defaults on assets underlying these securities, can affect the value, income and/or liquidity of such positions.

## 9. Capital Share Transactions:

BHL and BLW are authorized to issue an unlimited number of shares, par value \$0.001, all of which were initially classified as Common Shares. DVF and FRA are authorized to issue 200 million 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 Common Shareholders.

For the years shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

|     | Year Ended<br>August 31, 2011 | Year Ended<br>August 31, 2010 |        |
|-----|-------------------------------|-------------------------------|--------|
| BHL | 18,402                        |                               | —      |
| DVF | 42,239                        |                               | 52,693 |
| FRA | 58,212                        |                               | 72,267 |

|     |        |   |
|-----|--------|---|
| BLW | 30,417 | — |
|-----|--------|---|

At August 31, 2011, the shares owned by affiliates of the Manager of the Funds were as follows:

|     |       |
|-----|-------|
| BHL | 8,517 |
| FRA | 9,017 |

10. Subsequent Events:

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following item was noted:

The Funds paid a net investment income dividend in the following amounts per share on September 30, 2011 to shareholders of record on September 15, 2011:

|     | Common Dividend | Per Share |
|-----|-----------------|-----------|
| BHL |                 | \$0.0660  |
| DVF |                 | \$0.0585  |
| FRA |                 | \$0.0770  |
| BLW |                 | \$0.1025  |

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. and to the Shareholders and Board of Trustees of BlackRock Defined Opportunity Credit Trust and BlackRock Limited Duration Income Trust:

We have audited the accompanying statements of assets and liabilities of BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund, Inc., and BlackRock Limited Duration Income Trust (collectively the "Funds"), including the schedules of investments, as of August 31, 2011, 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. 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, 2011, by correspondence with the custodians, brokers and agent banks; where replies were not received from brokers or agent banks, 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 positions of BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund, Inc. and BlackRock Limited Duration Income Trust as of August 31, 2011, the results of their operations and their 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.

Deloitte & Touche LLP  
 Boston, Massachusetts  
 October 28, 2011

## Important Tax Information (Unaudited)

The following information is provided with respect to the ordinary income distributions paid by the Funds for the taxable yearended August 31, 2011.

|  | BHL    | DVF    | FRA    | BLW    |
|--|--------|--------|--------|--------|
| Interest-Related Dividends for Non-U.S. Residents <sup>1</sup> |        |        |        |        |
| September 2010 – October 2010                                  | 82.55% | 88.36% | 82.80% | 87.40% |
| November 2010  | 82.55% | 88.36% | 82.80% | 83.58% |
| December 2010 – January 2011                                   | 82.55% | 88.36% | 82.80% | 83.21% |
| February 2011 – August 2011                                    | 93.30% | 83.93% | 93.13% | 92.79% |

<sup>1</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from US withholding tax for nonresidentaliens and foreign corporations.

## Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors or Trustees, as applicable (each, a “Board,” collectively, the “Boards,” and the members of which are referred to as “Board Members”) of BlackRock Defined Opportunity Credit Trust (“BHL”), BlackRock Diversified Income Strategies Fund, Inc. (“DVF”), BlackRock Floating Rate Income Strategies Fund, Inc. (“FRA”) and BlackRock Limited Duration Income Trust (“BLW” and together with BHL, DVF and FRA, each a “Fund,” and, collectively, the “Funds”) met on April 14, 2011 and May 12–13, 2011 to consider the approval of each Fund’s investment advisory agreement (each, an “Advisory Agreement”) with BlackRock Advisors, LLC (the “Manager”), each Fund’s investment advisor. The Board of each Fund also considered the approval of the sub-advisory agreement (each, a “Sub-Advisory Agreement”) between the Manager and BlackRock Financial Management, Inc. (the “Sub-Advisor”), with respect to each Fund. The Manager and the Sub-Advisor are referred to herein as “BlackRock.” The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the “Agreements.”

### Activities and Composition of the Board

Each Board consists of eleven individuals, nine of whom are not “interested persons” of such Fund as defined in the Investment Company Act of 1940 (the “1940 Act”) (the “Independent Board Members”). The Board Members 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 Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Board is an Independent Board Member. Each Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member) and is chaired by an Independent Board Member. Each Board also established an ad hoc committee, the Joint Product Pricing Committee, which consisted of Independent Board Members and the directors/trustees of the boards of certain other BlackRock-managed funds, who were not “interested persons” of their respective funds.

### The Agreements

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Funds by BlackRock, its personnel and its affiliates, including investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services, risk oversight, compliance program and assistance in meeting applicable legal and regulatory requirements.



The Boards, acting directly and through their respective committees, considered at each of their meetings, and from time to time as appropriate, factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. Among the matters the Boards considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management's and portfolio managers' analysis of the reasons for any over performance or underperformance against their peers and/or benchmark, as applicable; (b) fees, including advisory and other amounts paid to BlackRock and its affiliates by the Funds for services such as call center and fund accounting; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Funds' investment objectives, policies and restrictions; (e) the Funds' compliance with its Code of Ethics and other 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 and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of the Funds' valuation and liquidity procedures; (k) an analysis of contractual and actual management fee ratios for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; (l) BlackRock's compensation methodology for its investment professionals and the incentives it creates; and (m) periodic updates on BlackRock's business.

#### Board Considerations in Approving the Agreements

The Approval Process: Prior to the April 14, 2011 meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with BlackRock to review periodically the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April meeting included (a) information independently compiled and prepared by Lipper, Inc. ("Lipper") on Fund fees and expenses and the investment performance of the Funds as compared with a peer group of funds as determined by Lipper and, with respect to BHL, DVF and FRA, a customized peer group selected by BlackRock (collectively, "Peers"), as well as the gross investment performance of BLW as compared with its custom benchmark; (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates and significant shareholders; (c) a general analysis provided by BlackRock concerning investment management fees (a combination of the advisory fee and the administration fee, if any) charged to other clients, such as institutional clients and open-end funds, under similar investment mandates, as applicable; (d) the impact of economies of scale; (e) a summary of aggregate amounts paid by each Fund to BlackRock and (f) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classi-

fied by Lipper.

At an in-person meeting held on April 14, 2011, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April 14, 2011 meeting, and as a culmination of the Boards' year-long deliberative process, the Boards presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the May 12-13, 2011 Board meeting.

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## Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

At an in-person meeting held on May 12–13, 2011, each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund and the Sub-Advisory Agreement between the Manager and the Sub-Advisor with respect to its Fund, each for a one-year term ending June 30, 2012. In approving the continuation of the Agreements, the Boards considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Funds and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Funds; (d) economies of scale; (e) fall-out benefits to BlackRock as a result of its relationship with the Funds; and (f) other factors deemed relevant by the Board Members.

The Boards also considered other matters they deemed important to the approval process, such as services related to the valuation and pricing of Fund portfolio holdings, direct and indirect benefits to BlackRock and its affiliates and significant shareholders from their relationship with Funds and advice from independent legal counsel with respect to the review process and materials submitted for the Boards' review. The Boards noted the willingness of BlackRock personnel to engage in open, candid discussions with the Boards. The Boards did not identify any particular information as controlling, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of the Funds. Throughout the year, the Boards compared Fund performance to the performance of a comparable group of closed-end funds and/or the performance of a relevant benchmark, if any. The Boards met with BlackRock's senior management personnel responsible for investment operations, including the senior investment officers. Each Board also reviewed the materials provided by its Fund's portfolio management team discussing Fund performance and the Fund's investment objective, strategies and outlook.

The Boards considered, among other factors, the number, education and experience of BlackRock's investment personnel generally and their Funds' portfolio management teams, investments by portfolio managers in the funds they manage, BlackRock's portfolio trading capabilities, BlackRock's use of technology, BlackRock's commitment to compliance, BlackRock's credit analysis capabilities, BlackRock's risk analysis capabilities and BlackRock's approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards engaged

in a review of BlackRock's compensation structure with respect to their Funds' portfolio management teams and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to advisory services, the Boards considered the quality of the administrative and non-investment advisory services provided to the Funds. BlackRock and its affiliates provide the Funds with certain services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In addition to investment advisory services, BlackRock and its affiliates provide the Funds with other services, including (i) preparing disclosure documents, such as the prospectus and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of the Funds; (iii) assisting with daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; and (viii) performing other administrative functions necessary for the operation of the Funds, such as tax reporting, fulfilling regulatory filing requirements and call center services. The Boards reviewed the structure and duties of BlackRock's fund administration, accounting, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Fund and BlackRock: The Boards, including the Independent Board Members, also reviewed and considered the performance history of their Funds. In preparation for the April 14, 2011 meeting, the Boards worked with BlackRock and Lipper to develop a template for, and was provided with reports independently prepared by Lipper, which included a comprehensive analysis of each Fund's performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper's rankings. In connection with its review, each Board received and reviewed information regarding the investment performance of its Fund as compared to funds in that Fund's applicable Lipper category and, with respect to BHL, DVF and FRA, a customized peer group selected by BlackRock, and with respect to BLW, the gross investment performance of BLW as compared with its custom benchmark. The Boards were provided with a description of the methodology used by Lipper to select peer funds. The Boards and each Board's Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of the Funds throughout the year.

The Board of BHL noted that, in general, the Fund performed better than its Peers in that the Fund's performance was above the median of its Customized Lipper Peer Group for the since-inception period but lower than the median in the one-year period reported.

The Board of BLW noted that the Fund's gross performance exceeded

its custom benchmark during two of the one-, three- and five-year periods reported.

The Board of DVF noted that the Fund performed below the median of its Customized Lipper Peer Group in the three- and five-year periods reported, but that the Fund performed at or above the median of its Customized Lipper Peer Group in the one-year period reported. The Board of DVF and BlackRock reviewed and discussed the reasons for the Fund's underperformance during the three- and five-year periods compared with its Peers. The Board of DVF was informed that, among other things, the primary factor impacting relative performance over the three- and five-year periods was the Fund's performance in the difficult market years of 2007 and 2008.

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## Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

Performance in 2008 was impacted by the Fund's credit positioning, which was biased towards lower credit ratings, higher yield and higher beta credits.

The Board of FRA noted that the Fund performed below the median of its Customized Lipper Peer Group in the one- and three-year periods reported, but that the Fund performed at or above the median of its Customized Lipper Peer Group in the five-year period reported. The Board of FRA and BlackRock reviewed and discussed the reasons for the Fund's underperformance during the one- and three-year periods compared with its Peers. The Board of FRA was informed that, among other things, in general the Fund's portfolio management team runs a conservative investment style that is biased towards the higher credit tiers and higher quality credits in terms of cash flow, asset quality, collateral, and loan structure. The Fund's portfolio management team believes this leads to superior risk-adjusted performance over longer periods but can cause the Fund to trail the average fund in up markets such as 2009 and 2010.

The Board of each of DVF and FRA discussed with BlackRock its strategy for improving the respective Fund's performance and BlackRock's commitment to providing the resources necessary to assist the Fund's portfolio managers and to improve the Fund's performance.

The Boards noted that BlackRock has made changes to the organization of the overall fixed income group management structure designed to result in a strengthened leadership team.

C. Consideration of the Advisory/Management Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Fund: Each Board, including the Independent Board Members, reviewed its Fund's contractual management fee ratio compared with the other funds in its Lipper category. It also compared the Fund's total expense ratio, as well as actual management fee ratio, to those of other funds in its Lipper category. The Boards considered the services provided and the fees charged by BlackRock to other types of clients with similar investment mandates, including separately managed institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition and profitability with respect to the services it provided the Funds. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Funds. The Boards reviewed BlackRock's profitability with respect to the Funds and other funds the Boards currently oversee for the year ended December 31, 2010 compared to available aggregate

profitability data provided for the years ended December 31, 2009, and December 31, 2008. The Boards reviewed BlackRock's profitability with respect to other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, expense allocations and business mix, and the difficulty of comparing profitability as a result of those factors.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Boards considered BlackRock's overall operating margin, in general, compared to the operating margin for leading investment management firms whose operations include advising closed-end funds, among other product types. That data indicates that operating margins for BlackRock, in general and with respect to its registered funds, are generally consistent with margins earned by similarly situated publicly traded competitors. In addition, the Boards considered, among other things, certain third party data comparing BlackRock's operating margin with that of other publicly-traded asset management firms. That third party data indicates that larger asset bases do not, in themselves, translate to higher profit margins.

In addition, the Boards considered the cost of the services provided to the Funds by BlackRock, and BlackRock's and its affiliates' profits relating to the management of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Boards reviewed BlackRock's methodology in allocating its costs to the management of the Funds. The Boards also considered 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 continue to provide the high quality of services that is expected by the Boards.

The Board of each of DVF, FRA and BLW noted that its respective Fund's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was lower than or equal to the median contractual management fee ratio paid by the Fund's Peers, in each case before taking into account any expense reimbursements or fee waivers.

The Board of BHL noted that the Fund's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was above the median contractual management fee ratio paid by the Fund's Peers, in each case before taking into account any expense reimbursements or fee waivers. The Board of BHL also noted, however, that the Fund's actual management fee ratio, after giving effect to any expense reimbursements or fee waivers by BlackRock, was lower than or equal to the median actual management fee ratio paid by the Fund's Peers, after giving effect to any expense reimbursements or fee waivers.

D. Economies of Scale: Each Board, including the Independent Board

Members, considered the extent to which economies of scale might be realized as the assets of its Fund increase. Each Board also considered the extent to which its Fund benefits from such economies and whether there should be changes in the advisory fee rate or structure in order to enable the Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of the Fund. Based on the ad hoc Joint Product Pricing Committees' and the Boards' review and consideration of this issue, the Boards concluded that closed-end funds are typically priced at scale at a fund's inception; therefore, the implementation of breakpoints was not necessary.

The Boards noted that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering. The Boards noted that only one closed-end fund in the Fund Complex has breakpoints in its advisory fee structure.

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## Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (concluded)

E. Other Factors Deemed Relevant by the Board Members: The Boards, including the Independent Board Members, also took into account other ancillary or fall-out benefits that BlackRock or its affiliates and significant shareholders may derive from their respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including securities lending services. The Boards also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that BlackRock's funds may invest in affiliated ETFs without any offset against the management fees payable by the funds to BlackRock.

In connection with its consideration of the Agreements, the Boards also received information regarding BlackRock's brokerage and soft dollar practices. The Boards received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Boards noted the competitive nature of the closed-end fund marketplace and that shareholders are able to sell their Fund shares in the secondary market if they believe that the Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

### Conclusion

Each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund for a one-year term ending June 30, 2012 and the Sub-Advisory Agreement between the Manager and the Sub-Advisor, with respect to its Fund, for a one-year term ending June 30, 2012. As part of its approval, the Boards considered the detailed review of BlackRock's fee structure, as it applies to the Funds, conducted by the ad hoc Joint Product Pricing Committee. Based upon their evaluations of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of the Funds and their shareholders. In arriving at their decision to approve the Agreements, the Boards did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to

the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making these determinations. The contractual fee arrangements for the Funds reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. As a result, the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.

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## Automatic Dividend Reinvestment Plans

Pursuant to each Fund's Dividend Reinvestment Plan (the Reinvestment Plan), Common Shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by Computershare Trust Company, N.A. (the Reinvestment Plan Agent) in the respective Fund's shares pursuant to the Reinvestment Plan. Shareholders who do not participate in the Reinvestment Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the Reinvestment Plan Agent, which serves as agent for the shareholders in administering the Reinvestment Plan.

After the Funds declare a dividend or determine to make a capital gain distribution, the Reinvestment Plan Agent will acquire shares for the participants' accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Fund (newly issued shares) or (ii) by purchase of outstanding shares on the open market or on the Fund's primary exchange (open-market purchases). If, on the dividend payment date, the net asset value per share (NAV) is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a market premium), the Reinvestment Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the dividend payment date, the dollar amount of the dividend will be divided by 95% of the market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the market price per share plus estimated brokerage commissions (such condition often referred to as a market discount), the Reinvestment Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Reinvestment Plan Agent is 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 Reinvestment Plan Agent will invest any un-invested portion in newly issued shares. Investments in newly issued shares made in this manner would be made pursuant to the same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or

resumption will be effective with respect to any subsequently declared dividend or other distribution.

The Reinvestment Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by each Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Reinvestment Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends or distributions.

Each Fund reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan; however, each Fund reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants that request a sale of shares through the Reinvestment Plan Agent are subject to a \$2.50 sales fee and a \$0.15 per share sold brokerage commission. All correspondence concerning the Reinvestment Plan should be directed to the Reinvestment Plan Agent: Computershare Trust Company, N. A., P. O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1BFM. All overnight correspondence should be directed to the Reinvestment Plan Agent at 250 Royall Street, Canton, MA 02021.

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## Officers and Directors

| Name, Address and Year of Birth  | Position(s) Held with Funds                          | Length of Time Served as a Director <sup>2</sup> | Principal Occupation(s) During Past Five Years   | Number of BlackRock-Advised Funds and Portfolios Overseen | Public Directorships                         |
|--|--|--|--|---|--|
| <b>Independent Directors<sup>1</sup></b>                                   |  |  |  |   |  |
| Richard E. Cavanagh<br>55 East 52nd Street<br>New York, NY 10055<br>1946   | Chairman of the Board and Director                   | Since 2007                                       | Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007. | 96 Funds<br>96 Portfolios                                 | Arch Chemical (chemical and allied products) |
| Karen P. Robards<br>55 East 52nd Street<br>New York, NY 10055<br>1950      | Vice Chairperson of the Audit Committee and Director | Since 2007                                       | 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; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Director of Enable Medical Corp. from 1996 to 2005; Investment Banker at Morgan Stanley from 1976 to 1987.  | 96 Funds<br>96 Portfolios                                 | AtriCure, Inc. (medical devices)             |
| Michael J. Castellano<br>55 East 52nd Street<br>New York, NY 10055<br>1946 | Director and Member of the Audit Committee           | Since 2011                                       | Managing Director and Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd. from 2004 to 2011; Director, Support Our Aging Religions (non-profit) since 2009; Director, National Advisory Board of Church Management at Villanova University since 2010. Editor of and Consultant for The Journal of Portfolio Management since 1986;  | 96 Funds<br>96 Portfolios                                 | None   |
| Frank J. Fabozzi<br>55 East 52nd Street<br>New York, NY 10055<br>1948      | Director and Member of the Audit Committee           | Since 2007                                       | Professor of Finance, EDHEC Business School since 2011; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011; Adjunct Professor of Finance and Becton  | 96 Funds<br>96 Portfolios                                 | None   |

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|                       |  |            |   |                              |  |
|-----------------------|--|------------|---|------------------------------|--|
| Kathleen F. Feldstein | Director                                   | Since 2007 | Fellow, Yale University from 1994 to 2006. 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 Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009. Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995. | 96 Funds<br>96<br>Portfolios | The McClatchy Company (publishing); BellSouth (telecommunications); Knight Ridder (publishing) |
| James T. Flynn        | Director and Member of the Audit Committee | Since 2007 | Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.   | 96 Funds<br>96<br>Portfolios | None   |
| Jerrold B. Harris     | Director                                   | Since 2007 | Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.   | 96 Funds<br>96<br>Portfolios | BlackRock Kelso Capital Corp. (business development company)                                   |

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## Officers and Directors (continued)

| Name, Address and Year of Birth  | Position(s) Held with Funds                | Length of Time Served as a Director <sup>2</sup> | Principal Occupation(s) During Past Five Years  | Number of BlackRock-Advised Funds and Portfolios Overseen | Public Directorships  |
|--|--|--|---|---|---|
| <b>Independent Directors<sup>1</sup></b><br>(concluded)  |  |  |   |   |   |
| R. Glenn Hubbard<br>55 East 52nd Street<br>New York, NY 10055<br>1958  | Director                                   | Since 2007                                       | Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director, Columbia Business School's Entrepreneurship Program from 1997 to 2004; Chairman, U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003; Chairman, Economic Policy Committee of the OECD from 2001 to 2003. | 96 Funds<br>96 Portfolios                                 | ADP (data and information services);<br>KKR Financial Corporation (finance);<br>Metropolitan Life Insurance Company (insurance) |
| W. Carl Kester<br>55 East 52nd Street<br>New York, NY 10055<br>1951<br>from 1999 to 2005; Member of the faculty of Harvard Business School | Director and Member of the Audit Committee | Since 2007                                       | George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs from 2006 to 2010; Chairman of the Finance Department, Harvard Business School from 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program of Harvard Business School since 1981.                        | 96 Funds<br>96 Portfolios                                 | None  |

<sup>1</sup> Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. In 2011, the Board of Directors unani-  
mously approved extending the mandatory retirement age for James T. Flynn by one additional year, which the Board believes would be in the best  
interest of  
shareholders.

<sup>2</sup> Date shown is the earliest date a person has served for the Funds covered by this annual report. Following the combination of Merrill Lynch Investment  
Managers, L.P. ("MLIM") and BlackRock, Inc. ("BlackRock") in September 2006, the various legacy MLIM and legacy BlackRock Fundboards were  
realigned and consolidated into three new Fund boards in 2007. As a result, although the chart shows Directors as joining the Funds' board in 2007,  
each Director first became a member of the board of other legacy MLIM or legacy BlackRock Funds as follows: Richard E. Cavanagh, 1994; Frank J.

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Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995; and Karen P.

Robards, 1998.

### Interested Directors<sup>3</sup>

|  |          |                   |  |                                |      |
|--|----------|-------------------|--|--------------------------------|------|
| Paul L. Audet<br>55 East 52nd<br>Street<br>New York, NY<br>10055<br><br>1953 | Director | Since<br><br>2011 | Senior Managing Director, BlackRock, Inc., and Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees and of the BlackRock Alternative Investors Executive Committee and Investment Committee for the Private Equity Fund of Funds business since 2008; Head of BlackRock's Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005; Senior Vice President of Finance at PNC Bank Corp. and Chief Financial Officer of the Investment Management and Mutual Fund Processing businesses from 1996 to 1998 and Head of PNC's Mergers & Acquisitions unit from 1992 to 1998; Member of PNC's Corporate Asset-Liability Committee and Marketing Committees from 1992 to 1998; Chief Financial Officer of PNC's eastern operations from 1991 to 1992; Senior Vice President of First Fidelity Bancorporation, responsible for the Corporate Finance, Asset-Liability Committee, and Mergers & Acquisitions functions from 1986 to 1991. | 96 Funds<br>96<br>Portfolios   | None |
| Henry Gabbay<br>55 East 52nd<br>Street<br>New York, NY<br>10055<br><br>1947  | Director | Since<br><br>2007 | Consultant, BlackRock, Inc. from 2007 to 2008; Managing Director, BlackRock, Inc. from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.   | 158 Funds<br>283<br>Portfolios | None |

<sup>3</sup> Mr. Audet is an "interested person," as defined in the 1940 Act, of the Funds based on his position with BlackRock, Inc. and its affiliates. Mr. Gabbay is an "interested person" of the Funds based on his former positions with BlackRock, Inc. and its affiliates as well as his ownership of BlackRock, Inc. and The PNC Financial Services Group, Inc. securities. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.





## Officers and Directors (concluded)

| Name, Address and Year of Birth   | Position(s)<br>Held with Funds           | Length of Time Served   | Principal Occupation(s) During Past Five Years  |
|---|--|-------------------------|---|
| <b>Officers<sup>1</sup></b>   |  |                         |   |
| John M. Perlowski<br>55 East 52nd Street<br>New York, NY<br>10055<br>1964 | President<br>and Chief Executive Officer | Since 2011              | Managing Director of BlackRock, Inc. since 2009; Global Head of BlackRock Fund Administration since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009. |
| Anne Ackerley<br>55 East 52nd Street<br>New York, NY<br>10055<br>1962     | Vice President                           | Since 2007 <sup>2</sup> | Managing Director of BlackRock, Inc. since 2000; President and Chief Executive Officer of the BlackRock-advised funds from 2009 to 2011; Vice President of the BlackRock-advised funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group since 2009; Chief Operating Officer of BlackRock's U.S. Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006.   |
| Brendan Kyne<br>55 East 52nd Street<br>New York, NY<br>10055<br>1977      | Vice President                           | Since 2009              | Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Product Development and Management for BlackRock's U.S. Retail Group since 2009, Co-head thereof from 2007 to 2009; Vice President of BlackRock, Inc. from 2005 to 2008.  |
| Neal Andrews<br>55 East 52nd Street<br>New York, NY<br>10055<br>1966      | Chief Financial Officer                  | Since 2007              | Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.  |
| Jay Fife<br>55 East 52nd Street<br>New York, NY<br>10055<br>1970          | Treasurer                                | Since 2007              | Managing Director of BlackRock, Inc. since 2007; Director of BlackRock, Inc. in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.  |
| Brian Kindelan<br>55 East 52nd Street                                     | Chief Compliance Officer                 | Since 2007              | Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock, Inc. since 2005.   |

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New York, NY

10055 Officer and  
1959 Anti-Money  
Laundering  
Officer

Ira P. Shapiro Secretary Since Managing Director of BlackRock, Inc. since 2009; Managing Director and Associate General Counsel of Barclays  
55 East 52nd Street 2010 Global Investors from 2008 to 2009 and Principal thereof from 2004 to 2008.  
New York, NY  
10055  
1963

<sup>1</sup> Officers of the Funds serve at the pleasure of the Boards.

<sup>2</sup> Ms. Ackerley was President and Chief Executive Officer from 2009 to 2011.

|  |   |   |   |   |
|--|---|---|---|---|
| Investment Advisor<br>BlackRock Advisors,<br>LLC<br>Wilmington, DE<br>19809  | Custodian<br>State Street Bank<br>and Trust Company<br>Boston, MA 02111 | Transfer Agent<br>Common Shares<br>Computershare Trust<br>Company, N.A.<br>Providence, RI 02940 | Accounting Agent<br>State Street Bank<br>and Trust Company<br>Boston, MA 02116                | Legal Counsel<br>Skadden, Arps,<br>Slate,<br>Meagher & Flom<br>LLP<br>New York, NY<br>10036 |
| Sub-Advisor<br>BlackRock Financial<br>Management, Inc.<br>New York, NY 10055 |   |   | Independent Registered<br>Public Accounting Firm<br>Deloitte & Touche LLP<br>Boston, MA 02116 | Address of the<br>Funds<br>100 Bellevue<br>Parkway<br>Wilmington, DE<br>19809               |

Effective April 14, 2011, Michael J. Castellano became Director of the Funds and Member of the Audit Committee.  
Effective July 28, 2011, Richard S. Davis resigned as Director of the Funds, and Paul L. Audet became Director of the Funds.

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## Additional Information

### Proxy Results

The Annual Meeting of Shareholders was held on July 28, 2011 for shareholders of record on May 31, 2011 to elect director nominees for each Fund. There were no broker non-votes with regard to any of the Funds.

Approved the Class I Directors as follows:

|     | Votes For  | Paul L. Audet |         |            | Michael J. Castellano |         |            | R. Glenn Hubbard |         |  |
|-----|------------|---------------|---------|------------|-----------------------|---------|------------|------------------|---------|--|
|     |            | Withheld      | Abstain | Votes For  | Withheld              | Abstain | Votes For  | Withheld         | Abstain |  |
| BHL | 6,390,771  | 72,968        | 0       | 6,390,771  | 72,968                | 0       | 6,383,606  | 80,133           | 0       |  |
| BLW | 28,570,432 | 523,850       | 0       | 28,575,762 | 518,520               | 0       | 28,569,954 | 524,328          | 0       |  |

|     | Votes For  | W. Carl Kester |         |           |
|-----|------------|----------------|---------|-----------|
|     |            | Withheld       | Abstain | Votes For |
| BHL | 6,390,771  | 72,968         | 0       | 0         |
| BLW | 28,574,757 | 519,525        | 0       | 0         |

For the Funds listed above, Directors whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are Richard E. Cavanagh, Frank J. Fabozzi, Kathleen F. Feldstein, James T. Flynn, Henry Gabbay, Jerrold B. Harris and Karen P. Robards.

Approved the Directors as follows:

|     | Votes For  | Paul L. Audet |         |            | Michael J. Castellano |         |            | Richard E. Cavanagh |         |  |
|-----|------------|---------------|---------|------------|-----------------------|---------|------------|---------------------|---------|--|
|     |            | Withheld      | Abstain | Votes For  | Withheld              | Abstain | Votes For  | Withheld            | Abstain |  |
| DVF | 8,483,803  | 292,436       | 0       | 8,478,425  | 297,814               | 0       | 8,492,002  | 284,237             | 0       |  |
| FRA | 12,772,071 | 193,578       | 0       | 12,771,303 | 194,346               | 0       | 12,773,540 | 192,109             | 0       |  |

  

|     | Votes For  | Frank J. Fabozzi |         |            | Kathleen F. Feldstein |         |            | James T. Flynn |         |  |
|-----|------------|------------------|---------|------------|-----------------------|---------|------------|----------------|---------|--|
|     |            | Withheld         | Abstain | Votes For  | Withheld              | Abstain | Votes For  | Withheld       | Abstain |  |
| DVF | 8,483,250  | 292,989          | 0       | 8,477,564  | 298,675               | 0       | 8,490,955  | 285,284        | 0       |  |
| FRA | 12,763,303 | 202,346          | 0       | 12,764,187 | 201,462               | 0       | 12,756,574 | 209,075        | 0       |  |

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|     |            | Henry Gabbay   |         |            | Jerrold B. Harris |         |            | R. Glenn Hubbard |         |  |
|-----|------------|----------------|---------|------------|-------------------|---------|------------|------------------|---------|--|
|     |            | Votes          |         |            | Votes             |         |            | Votes            |         |  |
|     | Votes For  | Withheld       | Abstain | Votes For  | Withheld          | Abstain | Votes For  | Withheld         | Abstain |  |
| DVF | 8,485,052  | 291,187        | 0       | 8,486,341  | 289,898           | 0       | 8,484,900  | 291,339          | 0       |  |
| FRA | 12,773,540 | 192,109        | 0       | 12,752,137 | 213,512           | 0       | 12,760,718 | 204,931          | 0       |  |
|     |            | W. Carl Kester |         |            | Karen P. Robards  |         |            |                  |         |  |
|     |            | Votes          |         |            | Votes             |         |            |                  |         |  |
|     | Votes For  | Withheld       | Abstain | Votes For  | Withheld          | Abstain |            |                  |         |  |
| DVF | 8,488,816  | 287,423        | 0       | 8,488,112  | 288,127           | 0       |            |                  |         |  |
| FRA | 12,765,290 | 200,359        | 0       | 12,759,238 | 206,411           | 0       |            |                  |         |  |

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## Additional Information (continued)

### Fund Certification

Certain Funds are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Funds filed with the SEC the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

### Dividend Policy

The Funds' dividend policy is to distribute all or a portion of their net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

### General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund's offerings and the information contained in each Fund's Statement 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 would delay or prevent a change of control of the Funds that were not approved by shareholders or in the principal risk factors associated 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.

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.

### Electronic Delivery

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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.

### Householding

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 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 call (800) 441-7762.

### Availability of Quarterly Schedule of Investments

Each Fund files its 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 how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. Each Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that each Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

### Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in each Fund's portfolio during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

### Availability of Fund Updates

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the "Closed-end Funds" section of <http://www.blackrock.com>. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Funds.





## Additional Information (concluded)

### 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.

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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. The Funds have leveraged their Common Shares, which creates risks 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.

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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, principal accounting officer or controller, 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](http://www.blackrock.com).

Item 3 Audit Committee Financial Expert The registrant's board of directors (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:

Frank J. Fabozzi  
James T. Flynn  
W. Carl Kester  
Karen P. Robards

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 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. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

Item 4 – Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP (“D&T”) in each of the last two fiscal years for the services rendered to the Fund:

| Entity Name  | (a) Audit Fees |          | (b) Audit-Related Fees <sup>1</sup> |          | (c) Tax Fees <sup>2</sup> |          | (d) All Other Fees <sup>3</sup> |          |
|--|----------------|----------|-------------------------------------|----------|---------------------------|----------|---------------------------------|----------|
|  | Current        | Previous | Current                             | Previous | Current                   | Previous | Current                         | Previous |
|  | Fiscal         | Fiscal   | Fiscal                              | Fiscal   | Fiscal                    | Fiscal   | Fiscal                          | Fiscal   |
|  | Year End       | Year End | Year End                            | Year End | Year End                  | Year End | Year End                        | Year End |
| BlackRock Floating Rate Income Strategies Fund, Inc. | \$53,000       | \$49,300 | \$0                                 | \$0      | \$49,300                  | \$6,100  | \$0                             | \$0      |

The following table presents fees billed by D&T that were required to be approved by the registrant’s audit committee (the “Committee”) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC (“Investment Adviser” or “BlackRock”) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund (“Fund Service Providers”):

|                                     | Current Fiscal Year End | Previous Fiscal Year End |
|-------------------------------------|-------------------------|--------------------------|
| (b) Audit-Related Fees <sup>1</sup> | \$0                     | \$0                      |
| (c) Tax Fees <sup>2</sup>           | \$0                     | \$0                      |
| (d) All Other Fees <sup>3</sup>     | \$3,030,000             | \$2,950,000              |

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services includes tax compliance, tax advice and tax planning.

<sup>3</sup> Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

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 Investment Adviser and Fund 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 operations 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 per project. For this 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

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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 the Committee Chairman 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 Committee pursuant to the de minimis exception in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Fund Service Providers were:

| <b>Entity Name</b>                                      | <b>Current Fiscal Year<br/>End</b> | <b>Previous Fiscal<br/>Year End</b> |
|---|------------------------------------|-------------------------------------|
| BlackRock Floating Rate<br>Income Strategies Fund, Inc. | \$49,300                           | \$16,877                            |

Additionally, SAS No. 70 fees for the current and previous fiscal years of \$3,030,000 and \$2,950,000, respectively, were billed by D&T to the Investment Adviser.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser, and the Fund Service Providers 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.

#### Item 5 – Audit Committee of Listed Registrants

(a) 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)):

Michael Castellano  
 Frank J. Fabozzi  
 James T. Flynn  
 W. Carl Kester  
 Karen P. Robards

(b) Not Applicable

#### 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’s portfolio securities to the Investment Adviser pursuant to the Investment Adviser’s proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies

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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 Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser'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 Adviser's clients. If the Investment Adviser 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 Adviser's Portfolio Management Group and/or the Investment Adviser'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](http://www.blackrock.com) and (ii) on the SEC's website at <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies as of August 31, 2011.

(a)(1) The Fund is managed by a team of investment professionals comprised of Leland Hart, Managing Director at BlackRock and C. Adrian Marshall, Director at BlackRock. Messrs. Hart and Marshall 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. Hart and Marshall have been members of the Fund's portfolio management team since 2009.

| <b>Portfolio Manager</b> | <b>Biography</b>  |
|--------------------------|---|
| Leland Hart              | Managing Director of BlackRock since 2009; Partner of R3 Capital Partners ("R3") in 2009; Managing Director of R3 from 2008 to 2009; Managing Director of Lehman Brothers from 2006 to 2008; Executive Director of Lehman Brothers from 2003 to 2006. |
| C. Adrian Marshall       | Director of BlackRock since 2007; Vice President of BlackRock from 2004 to 2007.  |



(a)(2) As of August 31, 2011:

| (i) Name of<br>Portfolio Manager | (ii) Number of Other Accounts Managed<br>and Assets by Account Type |  |                      | (iii) Number of Other Accounts and<br>Assets for Which Advisory Fee is |  |                   |
|----------------------------------|---|--|----------------------|--|--|-------------------|
|                                  | Other<br>Registered<br>Investment                                   | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts    | Other<br>Registered<br>Investment                                      | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
| Leland Hart                      | 8<br>\$2.72 Billion   | 12<br>\$2.99 Billion                   | 3<br>\$299.6 Million | 0<br>\$0   | 7<br>\$1.98 Billion                    | 0<br>\$0          |
| C. Adrian Marshall               | 7<br>\$2.72 Billion   | 16<br>\$3.41 Billion                   | 6<br>\$725.3 Million | 0<br>\$0   | 9<br>\$2.63 Billion                    | 0<br>\$0          |

(iv) Potential Material Conflicts of Interest

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 to the Fund. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, shareholder 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 significant shareholders, or any officer, director, shareholder, 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' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that Messrs. Hart and Marshall may be managing certain hedge fund and/or long only accounts, or may be part of a team managing certain hedge fund and/or long only accounts, subject to incentive fees. Messrs. Hart and Marshall may therefore be entitled to receive a portion of any incentive fees earned on such accounts. 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

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allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted policies that are intended to ensure 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, as appropriate.

(a)(3) As of August 31, 2011:

#### **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.

**Base compensation.** Generally, portfolio managers receive base compensation based on their position with BlackRock.

**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 performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, 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 include a combination of market-based indices (e.g., CSFB Leveraged Loan Index, CSFB High Yield II Value Index), certain customized indices and certain fund industry peer groups.

Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the Funds and other accounts managed by each portfolio manager relative to the various benchmarks.

Performance of fixed income funds is measured on both a pre-tax and after-tax basis over various time periods including 1-, 3- and 5-year periods, as applicable. With respect to the performance of the other listed Index and Multi-Asset Funds, performance is measured on, among other things, a pre-tax basis over various time periods including 1-, 3- and 5-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

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years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, 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. Providing a portion of annual bonuses in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

*Long-Term Incentive Plan Awards* From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Hart and Marshall have each received long-term incentive awards.

*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 various BlackRock investment options. Messrs. Hart and Marshall have each participated in the deferred compensation program.

**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, Inc. 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 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation. The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into an index target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. 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.

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(a)(4) *Beneficial Ownership of Securities* As of August 31, 2011.

| <b>Portfolio Manager</b> | <b>Dollar Range of Equity Securities<br/>of the Fund Beneficially Owned</b> |
|--------------------------|---|
| Leland Hart              | None  |
| C. Adrian Marshall       | None  |

(b) Not Applicable

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 There have been no material changes to these procedures.

Item 11 Controls and Procedures

(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.

(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

(a)(1) Code of Ethics See Item 2

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(b) Certifications Attached hereto

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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/ John M. Perlowski

John M. Perlowski

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

Date: November 4, 2011

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/ John M. Perlowski

John M. Perlowski

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

Date: November 4, 2011

By: /S/ Neal J. Andrews

Neal J. Andrews

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

Date: November 4, 2011

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