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BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.

Form N-CSRS

May 01, 2013

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: 08/31/2013

Date of reporting period: 02/28/2013

Item 1 – Report to Stockholders

FEBRUARY 28, 2013

**SEMI-ANNUAL REPORT (UNAUDITED)**

BlackRock Defined Opportunity Credit Trust (BHL)

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

BlackRock Limited Duration Income Trust (BLW)

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

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Dear Shareholder

Despite a number of headwinds, risk assets generated strong returns during the 6- and 12-month periods as investors sought meaningful yields in the ongoing low-interest-rate environment. About this time one year ago, the European debt crisis returned to the headlines as unresolved policy decisions left it unclear as to how troubled peripheral countries would finance their sovereign debt, causing yields to soar. In the second quarter of 2012, political instability in Greece and severe deficit and liquidity problems in Spain raised the specter of a full-blown euro collapse. Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, emerged as a particular concern. As the outlook for the global economy worsened, however, investors grew increasingly optimistic that the world's largest central banks would soon intervene to stimulate growth. This theme, along with the announcement of the European Central Bank's (ECB's) firm commitment to preserve the euro currency bloc, drove most asset classes higher through the summer. Policy relief came in early September, when the ECB announced its decision to support the eurozone's debt-laden countries with unlimited purchases of short term sovereign debt. Days later, the US Federal Reserve announced its own much-anticipated stimulus package.

Although financial markets world-wide were buoyed by accommodative monetary policies, risk assets weakened in the fall. Global trade began to slow as many European countries fell into recession and growth continued to decelerate in China, where a once-a-decade leadership change compounded uncertainty. In the United States, stocks slid on lackluster corporate earnings reports and market volatility rose in advance of the US Presidential election. In the post-election environment, investors grew increasingly concerned over the fiscal cliff, the automatic tax increases and spending cuts that had been scheduled to take effect at the beginning of 2013. There was widespread fear that the fiscal cliff would push the United States into recession unless politicians could agree upon alternate measures to reduce the deficit before the end of 2012. Worries that bipartisan gridlock would preclude a timely budget deal triggered higher levels of volatility in financial markets around the world in the months leading up to the last day of the year. Ultimately, the worst of the fiscal cliff was averted with a last-minute tax deal; however, decisions relating to spending cuts and the debt ceiling continued to weigh on investors' minds.

Investors shook off the nerve-racking finale to 2012 and began the New Year with a powerful equity rally. Money that had been pulled to the sidelines amid year-end tax-rate uncertainty poured back into the markets in January. Key indicators signaled modest but broad-based improvements in the world's major economies, particularly in China. Global equities soared through January while rising US Treasury yields pressured high-quality fixed income assets. However, bond markets strengthened in February when economic momentum slowed and investors toned down their risk appetite. US stocks continued to rise, but at a more moderate pace. Uncertainty about how long the Federal Reserve would maintain its easing bias drove high levels of volatility later in the month, but these fears abated as the budget sequester (automatic spending cuts scheduled to take effect March 1) began to appear imminent and was deemed likely to deter any near-term curtailment of monetary easing policies. Outside the United States, equities largely declined as political uncertainty escalated after the Italian presidential election ended in a stalemate.

On the whole, riskier asset classes outperformed lower-risk investments for the 6- and 12-month periods ended February 28, 2013. International, US small cap and emerging market equities were the leading asset classes for the 6-month period, while US stocks and high yield bonds generated the strongest returns for the 12-month period. US Treasury yields remained relatively low overall, but have inched higher in recent months, pressuring Treasuries and investment-grade bonds. Tax-exempt municipal bonds, however, continued to benefit from favorable supply-and-demand dynamics. Near-zero short term interest rates continued to keep yields on money market securities near their all-time lows.

Investors continue to face many of the same risks as in years past. But we see a world of possibilities. BlackRock was built to provide the global market insight, breadth of capabilities, unbiased investment advice and deep risk management expertise these times require. Investors everywhere are asking, *So what do I do with my money?* Visit [www.blackrock.com](http://www.blackrock.com) for answers.

Sincerely,

**Rob Kapito**

President, BlackRock Advisors, LLC

*Despite a number of headwinds, risk assets generated strong returns during the 6- and 12-month periods as investors sought meaningful yields in the ongoing low-interest-rate environment.*

**Rob Kapito**

President, BlackRock Advisors, LLC

**Total Returns as of February 28, 2013**

|   | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| US large cap equities (S&P 500® Index)  | 8.95 %         | 13.46 %         |
| US small cap equities (Russell 2000® Index)                                   | 13.02          | 14.02           |
| International equities (MSCI Europe, Australasia, Far East Index)             | 14.41          | 9.84            |
| Emerging market equities (MSCI Emerging Markets Index)                        | 12.06          | 0.28            |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index)     | 0.05           | 0.11            |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)         | (1.51 )        | 3.66            |
| US investment grade bonds (Barclays US Aggregate Bond Index)                  | 0.15           | 3.12            |
| Tax-exempt municipal bonds (S&P Municipal Bond Index)                         | 2.40           | 5.71            |
| US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index) | 6.67           | 11.79           |

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

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THIS PAGE NOT PART OF YOUR FUND REPORT

Fund Summary as of February 28, 2013  
**Fund Overview**

**BlackRock Defined Opportunity Credit Trust**

**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 six months ended February 28, 2013, the Fund returned 9.13% based on market price and 5.55% based on net asset value ( NAV ). For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 10.24% based on market price and 6.30% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium 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?**

Security selection among higher quality loan instruments (where the Fund maintained a quality bias) had a positive impact on performance. From an industry perspective, holdings within healthcare, chemicals and gaming boosted results. The Fund s tactical allocation to high yield bonds generated additional gains as the asset class outperformed floating rate loan interests (bank loans) during the period.

Conversely, security selection in the media non-cable and automotive industries detracted from results.

#### **Describe recent portfolio activity.**

During the period, the Fund maintained its focus on the higher quality segments of the loan market in terms of loan structure, liquidity and overall credit quality. Given mixed economic data and a tepid outlook for global growth, along with lingering global policy uncertainty, the Fund remained cautious of lower-rated less-liquid loans. Instead, the Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. Monetary stimulus measures from global central banks largely supported risk asset prices in 2012; however, this development did not significantly influence the way the Fund invests in the loan market. More specifically, the Fund continued to adhere to a strict investment discipline with the goal of pursuing yield while minimizing exposure to macro risks. With the average loan trading at or just below par recently (i.e., with little or no upside), the Fund s principal emphasis is on investing in strong companies with the ability to pay their debts despite a slow growth environment.

#### **Describe portfolio positioning at period end.**

At period end, the Fund held 90% of its total portfolio in floating rate loan interests and 7% in corporate bonds, with the remainder in asset-backed securities. The Fund s largest industry exposures included healthcare, consumer services (housing-related) and wirelines.

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.





## BlackRock Defined Opportunity Credit Trust

## Fund Information

|  |                  |
|--|------------------|
| Symbol on New York Stock Exchange ( NYSE )                                   | BHL              |
| Initial Offering Date  | January 31, 2008 |
| Yield on Closing Market Price as of February 28, 2013 (\$14.75) <sup>1</sup> | 5.57%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                   | \$0.0685         |
| Current Annualized Distribution per Common Share <sup>2</sup>                | \$0.8220         |
| Economic Leverage as of February 28, 2013 <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 10.

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

|                 | 2/28/13 | 8/31/12 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$14.75 | \$13.94 | 5.81%  | \$14.93 | \$12.92 |
| Net Asset Value | \$14.45 | \$14.12 | 2.34%  | \$14.48 | \$14.12 |

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

## Portfolio Composition

|                              | 2/28/13 | 8/31/12 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 90%     | 90%     |
| Corporate Bonds              | 7       | 7       |
| Asset-Backed Securities      | 3       | 2       |
| Common Stocks                |         | 1       |

Credit Quality Allocation<sup>4</sup>

|         | 2/28/13 | 8/31/12 |
|---------|---------|---------|
| BBB/Baa | 6%      | 12%     |
| BB/Ba   | 25      | 40      |
| B       | 65      | 46      |
| CCC/Caa | 4       | 2       |

<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 February 28, 2013  
**Fund Overview**

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

**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**

On October 5, 2012, the Fund acquired substantially all of the assets and assumed substantially all of the liabilities of BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund II, Inc. in exchange for newly issued shares of the Fund.

#### **How did the Fund perform?**

For the six months ended February 28, 2013, the Fund returned 12.50% based on market price and 6.53% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 10.24% based on market price and 6.30% based on NAV. All returns reflect reinvestment of dividends. The Fund s premium 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?**

Security selection among higher quality loan instruments (where the Fund maintained a quality bias) had a positive impact on performance, as did the Fund s high-conviction holdings of lower quality loan credits. From an industry perspective, holdings within paper, chemicals and gaming boosted results. The Fund s tactical allocation to high yield bonds generated additional gains as the asset class outperformed floating rate loan interests (bank loans) during the period.

Conversely, security selection in the media non-cable, independent energy and automotive industries detracted from results.

#### **Describe recent portfolio activity.**

During the period, the Fund maintained its focus on the higher quality segments of the loan market in terms of loan structure, liquidity and overall credit quality. Given mixed economic data and a tepid outlook for global growth, along with lingering global policy uncertainty, the Fund remained cautious of lower-rated less-liquid loans. Instead, the Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. Monetary stimulus measures from global central banks largely supported risk asset prices in 2012; however, this development did not significantly influence the way the Fund invests in the loan market. More specifically, the Fund continued to adhere to a strict investment discipline with the goal of pursuing yield while minimizing exposure to macro risks. With the average loan trading at or just below par recently (i.e., with little or no upside), the Fund s principal emphasis is on investing in strong companies with the ability to pay their debts despite a slow growth environment.

#### **Describe portfolio positioning at period end.**

At period end, the Fund held 88% of its total portfolio in floating rate loan interests and 8% in corporate bonds, with the remainder in asset-backed securities and common stocks. The Fund s largest industry exposures included healthcare, building materials and wirelines.

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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 February 28, 2013 (\$16.47) <sup>1</sup> | 5.61%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                   | \$0.077          |
| Current Annualized Distribution per Common Share <sup>2</sup>                | \$0.924          |
| Economic Leverage as of February 28, 2013 <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 10.

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

|                 | 2/28/13 | 8/31/12 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$16.47 | \$15.20 | 8.36%  | \$16.51 | \$13.91 |
| Net Asset Value | \$15.37 | \$14.98 | 2.60%  | \$15.38 | \$14.96 |

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

## Portfolio Composition

|  | 2/28/13 | 8/31/12 |
|--|---------|---------|
| Floating Rate Loan Interests                 | 88%     | 88%     |
| Corporate Bonds                              | 8       | 10      |
| Asset-Backed Securities                      | 3       | 2       |
| Common Stocks                                | 1       |         |
| <b>Credit Quality Allocation<sup>4</sup></b> |         |         |
|  | 2/28/13 | 8/31/12 |
| BBB/Baa                                      | 6%      | 8%      |
| BB/Ba  | 25      | 34      |
| B  | 57      | 44      |
| CCC/Caa                                      | 6       | 8       |
| Not Rated                                    | 6       | 6       |

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

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Fund Summary as of February 28, 2013  
**Fund Overview**

**BlackRock Limited Duration Income Trust**

**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, 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, 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 six-month period ended February 28, 2013, the Fund returned 9.10% based on market price and 7.17% based on NAV. For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 4.30% based on market price and 8.66% based on NAV. All returns reflect reinvestment of dividends. The Fund s premium 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?**

Spread sectors outperformed government-related debt for the six-month period as accommodative monetary policy in the United States and Europe along with the continued recovery of the US economy drove credit spreads tighter. The Fund s allocations to high yield bonds and floating rate loan interests (bank loans) were the largest contributors to performance, followed by its positions in non-US sovereign securities. The Fund also benefited from its exposure to structured products including commercial mortgage-backed securities ( CMBS ), asset-backed securities ( ABS ) and non-agency residential mortgage-backed securities ( MBS ). An allocation to investment grade credit also had a positive impact.

The Fund s duration profile (sensitivity to interest rate movements) detracted from performance as interest rates moved higher during the period.

**Describe recent portfolio activity.**

During the six-month period, the Fund maintained a positive view on spread sectors and increased exposure to high yield credit, floating rate loan interests and securitized products such as CMBS and ABS. Within investment grade credit, the Fund favored financials over industrials and utilities. In financials, the Fund rotated out of senior bank debt into subordinated bank debt to take advantage of the yield differential. In addition, the Fund added to positions in floating rate preferred securities to benefit from a potential rise in interest rates.

**Describe portfolio positioning at period end.**

At period end, the Fund held 46% in corporate bonds and 34% of its total portfolio in floating rate loan interests (bank loans). The remainder of the portfolio was invested in MBS, structured products (including CMBS and ABS), US government sponsored agency securities and common stocks.

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 February 28, 2013 (\$18.84) <sup>1</sup> | 6.97%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                   | \$0.1095      |
| Current Annualized Distribution per Common Share <sup>2</sup>                | \$1.3140      |
| Economic Leverage as of February 28, 2013 <sup>3</sup>                       | 32%           |

<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 10.

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

|                 | 2/28/13 | 8/31/12 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$18.84 | \$18.00 | 4.67%  | \$19.17 | \$16.80 |
| Net Asset Value | \$17.87 | \$17.38 | 2.82%  | \$17.92 | \$17.38 |

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

## Portfolio Composition

|  | 2/28/13 | 8/31/12 |
|--|---------|---------|
| Corporate Bonds                              | 46%     | 46%     |
| Floating Rate Loan Interests                 | 34      | 34      |
| Non-Agency Mortgage-Backed Securities        | 8       | 8       |
| Asset-Backed Securities                      | 6       | 4       |
| US Government Sponsored Agency Securities    | 5       | 6       |
| Common Stocks                                | 1       | 1       |
| Taxable Municipal Bonds                      |         | 1       |
| <b>Credit Quality Allocation<sup>4</sup></b> |         |         |
|  | 2/28/13 | 8/31/12 |
| AAA/Aaa <sup>5</sup>                         | 10%     | 12%     |
| AA/Aa  | 1       | 1       |
| A  | 6       | 6       |
| BBB/Baa                                      | 14      | 15      |
| BB/Ba  | 24      | 26      |
| B  | 29      | 30      |
| CCC/Caa                                      | 5       | 8       |

Not Rated

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<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.

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### The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV of their common shares ( Common Shares ). However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage through a credit facility or by 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' debt securities does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAVs 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, as amended (the 1940 Act ), the Funds are permitted to issue senior securities representing indebtedness up to 33 $\frac{1}{3}$ % of their total managed assets (each Fund's net assets plus the proceeds of any outstanding borrowings). If the Funds segregate liquid assets having a value not less than the repurchase price (including accrued interest), a reverse repurchase agreement will not be considered a senior security and therefore will not be subject to this limitation. In addition, each Fund voluntarily limits its aggregate economic leverage to 50% of its managed assets. As of February 28, 2013, the Funds had aggregate economic leverage from reverse repurchase agreements and/or borrowings through a credit facility as a percentage of their total managed assets as follows:

**Percent of  
Economic  
Leverage**

|     |     |
|-----|-----|
| BHL | 27% |
| FRA | 27% |
| BLW | 32% |

#### 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. Report of Independent Registered Public Accounting Firm

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|  |     | <b>Par<br/>(000)</b> |                      |
|--|-----|----------------------|----------------------|
| <b>Airlines 0.2%</b>   |     |                      |                      |
| American Airlines Pass-Through Trust,<br>Series 2011-2, Class A, 8.63%, 4/15/23      | USD | 79                   | 82,130               |
| Continental Airlines Pass-Through Trust,<br>Series 2012-3, Class C, 6.13%, 4/29/18   |     | 155                  | 154,612              |
| Delta Air Lines Pass-Through Trust, Series<br>2009-1, Class B, 9.75%, 6/17/18        |     | 51                   | 57,035<br>293,777    |
| <b>Auto Components 0.3%</b>  |     |                      |                      |
| Icahn Enterprises LP, 8.00%, 1/15/18   |     | 340                  | 364,225              |
| <b>Building Products 0.1%</b>  |     |                      |                      |
| Momentive Performance Materials, Inc.,<br>8.88%, 10/15/20                            |     | 160                  | 164,200              |
| <b>Corporate Bonds</b>   |     |                      |                      |
| <b>Chemicals 0.1%</b>  |     |                      |                      |
| INEOS Finance Plc, 8.38%, 2/15/19 (a)  | USD | 110                  | \$ 120,450           |
| <b>Commercial Services &amp; Supplies 0.3%</b>                                       |     |                      |                      |
| ARAMARK Corp., 3.80%, 2/01/15 (b)  |     | 65                   | 65,098               |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)                                      |     | 304                  | 318,999<br>384,097   |
| <b>Communications Equipment 0.7%</b>   |     |                      |                      |
| Avaya, Inc., 7.00%, 4/01/19 (a)  |     | 206                  | 196,730              |
| Zayo Group LLC/Zayo Capital, Inc.:<br>8.13%, 1/01/20                                 |     | 380                  | 424,650              |
| 10.13%, 7/01/20  |     | 250                  | 293,125<br>914,505   |
| <b>Consumer Finance 0.3%</b>   |     |                      |                      |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)  |     | 325                  | 347,750              |
| <b>Diversified Financial Services 1.3%</b>   |     |                      |                      |
| Ally Financial, Inc., 2.62%, 12/01/14 (b)  |     | 440                  | 441,107              |
| Reynolds Group Issuer, Inc.:<br>7.13%, 4/15/19                                       |     | 120                  | 128,850              |
| 5.75%, 10/15/20  |     | 930                  | 960,225              |
| 6.88%, 2/15/21   |     | 185                  | 197,488<br>1,727,670 |
| <b>Diversified Telecommunication Services 0.2%</b>                                   |     |                      |                      |
| Lynx I Corp., 5.38%, 4/15/21 (a)   |     | 200                  | 205,000              |
| <b>Energy Equipment &amp; Services 0.3%</b>  |     |                      |                      |
| FTS International Services LLC/FTS International Bonds,<br>Inc., 8.13%, 11/15/18 (a) |     | 113                  | 116,955              |
| Tervita Corp., 8.00%, 11/15/18 (a)   |     | 232                  | 238,960<br>355,915   |
| <b>Health Care Providers &amp; Services 1.1%</b>                                     |     |                      |                      |
| CHS/Community Health Systems, Inc., 5.13%, 8/15/18                                   |     | 358                  | 376,347              |
| HCA, Inc., 6.50%, 2/15/20 (a)  |     | 375                  | 420,000              |
| inVentiv Health, Inc., 9.00%, 1/15/18 (a)  |     | 190                  | 198,075              |
| Tenet Healthcare Corp.:<br>6.25%, 11/01/18   |     | 185                  | 204,888              |

|   |       |                        |
|---|-------|------------------------|
| 4.50%, 4/01/21 (a)  | 264   | 260,370<br>1,459,680   |
| <b>Health Care Technology 0.8%</b>                                  |       |                        |
| IMS Health, Inc., 12.50%, 3/01/18 (a)                               | 850   | 1,024,250              |
| <b>Hotels, Restaurants &amp; Leisure 0.3%</b>                       |       |                        |
| Caesars Entertainment Operating Co., Inc., 9.00%, 2/15/20 (a)       | 67    | 66,163                 |
| Caesars Operating Escrow LLC, 9.00%, 2/15/20 (a)                    | 319   | 315,012<br>381,175     |
| <b>Household Durables 0.2%</b>                                      |       |                        |
| Beazer Homes USA, Inc., 6.63%, 4/15/18                              | 180   | 192,375                |
| United Rentals North America, Inc., 5.75%, 7/15/18                  | 80    | 86,100<br>278,475      |
| <b>Independent Power Producers &amp; Energy Traders 1.6%</b>        |       |                        |
| Calpine Corp., 7.25%, 10/15/17 (a)                                  | 220   | 234,025                |
| Energy Future Intermediate Holding Co. LLC:<br>10.00%, 12/01/20 (a) | 230   | 259,325                |
| 10.00%, 12/01/20  | 1,405 | 1,594,675<br>2,088,025 |

#### 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:  
See Notes to Financial Statements.

**CAD** Canadian Dollar  
**DIP** Debtor-In-Possession  
**EBITDA** Earnings Before Interest, Taxes, Depreciation and Amortization

**EUR** Euro  
**GBP** British Pound  
**TBA** To Be Announced  
**USD** US Dollar

**BlackRock Defined Opportunity Credit Trust (BHL)**  
(Percentages shown are based on Net Assets)

Schedule of Investments (continued)

|  |     | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|-----|----------------------|--------------|
| <b>Corporate Bonds</b>   |     |                      |              |
| <b>IT Services 0.2%</b>  |     |                      |              |
| First Data Corp., 6.75%, 11/01/20 (a)                              | USD | 245                  | \$ 251,431   |
| <b>Media 0.8%</b>  |     |                      |              |
| AMC Networks, Inc., 7.75%, 7/15/21                                 |     | 105                  | 119,175      |
| Clear Channel Communications, Inc.,<br>9.00%, 12/15/19 (a)         |     | 195                  | 181,350      |
| Clear Channel Worldwide Holdings, Inc. (a):<br>6.50%, 11/15/22     |     | 192                  | 200,640      |
| 6.50%, 11/15/22  |     | 517                  | 544,142      |
|  |     |                      | 1,045,307    |
| <b>Oil, Gas &amp; Consumable Fuels 0.1%</b>                        |     |                      |              |
| EP Energy LLC/Everest Acquisition<br>Finance, Inc., 6.88%, 5/01/19 |     | 145                  | 158,050      |
| <b>Paper &amp; Forest Products 0.1%</b>                            |     |                      |              |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a)      |     | 155                  | 162,750      |
| <b>Real Estate Management &amp; Development<br/>0.1%</b>           |     |                      |              |
| Realogy Corp., 7.63%, 1/15/20 (a)                                  |     | 165                  | 186,038      |
| <b>Wireless Telecommunication Services<br/>0.8%</b>                |     |                      |              |
| Sprint Nextel Corp. (a):<br>9.00%, 11/15/18                        |     | 290                  | 359,600      |
| 7.00%, 3/01/20   |     | 550                  | 643,500      |
|  |     |                      | 1,003,100    |
| <b>Total Corporate Bonds 9.9%</b>                                  |     |                      | 12,915,870   |
| <hr/>  |     |                      |              |
| <b>Floating Rate Loan Interests (b)</b>                            |     |                      |              |
| <b>Aerospace &amp; Defense 1.4%</b>                                |     |                      |              |
| DigitalGlobe, Inc., Term Loan B, 3.75%,<br>1/24/20                 |     | 515                  | 517,092      |
| DynCorp International LLC, Term Loan B,<br>6.25%, 7/07/16          |     | 255                  | 256,748      |
| The SI Organization, Inc., Term Loan B,<br>4.50%, 11/22/16         |     | 414                  | 412,905      |
| Spirit Aerosystems, Inc., Term Loan B,<br>3.75%, 4/18/19           |     | 367                  | 368,756      |
| Transdigm, Inc., Term Loan C, 4.00%,<br>2/28/20                    |     | 225                  | 225,423      |
|  |     |                      | 1,780,924    |
| <b>Airlines 2.1%</b>   |     |                      |              |
| Delta Air Lines, Inc.:   |     |                      |              |
| Term Loan, 3.56%, 9/16/15  |     | 352                  | 328,867      |
| Term Loan B, 4.50%, 4/20/17  |     | 997                  | 1,005,870    |
| Northwest Airlines, Inc.:  |     |                      |              |

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|  |              |              |
|--|--------------|--------------|
| Term Loan, 2.32%, 3/10/17  | 134          | 124,754      |
| Term Loan, 2.32%, 3/10/17  | 242          | 225,302      |
| Term Loan, 1.70%, 9/10/18  | 110          | 98,208       |
| Term Loan, 1.70%, 9/10/18  | 109          | 97,315       |
| US Airways Group, Inc., Term Loan, 2.70%,<br>3/21/14                     | 815          | 812,669      |
|  |              | 2,692,985    |
| <b>Auto Components 3.6%</b>  |              |              |
| Autoparts Holdings Ltd., First Lien Term<br>Loan, 6.50%, 7/28/17         | 642          | 645,617      |
| Federal-Mogul Corp.:   |              |              |
| Term Loan B, 2.14%, 12/29/14   | 1,293        | 1,203,326    |
| Term Loan C, 2.14%, 12/28/15   | 542          | 504,073      |
| The Goodyear Tire & Rubber Co., Second<br>Lien Term Loan, 4.75%, 4/30/19 | 1,150        | 1,154,313    |
| Schaeffler AG, Term Loan B2, 6.00%,<br>1/27/17                           | 420          | 419,895      |
| Transtar Holding Co., First Lien Term Loan,<br>5.50%, 10/09/18           | 494          | 498,700      |
| UCI International, Inc., Term Loan B,<br>5.50%, 7/26/17                  | 343          | 343,751      |
|  |              | 4,769,675    |
| <b>Biotechnology 0.5%</b>  |              |              |
| Grifols, Inc., Term Loan B, 4.25%, 6/01/17                               | 634          | 636,869      |
|  | <b>Par</b>   | <b>Value</b> |
|  | <b>(000)</b> |              |
| <b>Floating Rate Loan Interests (b)</b>                                  |              |              |
| <b>Building Products 1.8%</b>  |              |              |
| Armstrong World Industries, Inc., Term Loan B, 4.00%,<br>3/09/18         | USD 760      | \$ 760,256   |
| CPG International, Inc., Term Loan, 5.75%, 9/18/19                       | 818          | 824,085      |
| Wilsonart International Holdings LLC, Term Loan B, 5.50%,<br>10/31/19    | 800          | 808,400      |
|  |              | 2,392,741    |
| <b>Capital Markets 1.7%</b>  |              |              |
| American Capital Holdings, Inc., Term Loan, 5.50%,<br>8/22/16            | 603          | 609,030      |
| HarbourVest Partners LLC, Term Loan B, 4.75%, 11/21/17                   | 370          | 371,725      |
| Nuveen Investments, Inc.:  |              |              |
| Extended First Lien Term Loan,<br>5.70% 5.81%, 5/13/17                   | 391          | 395,604      |
| Extended Term Loan, 5.70% 5.81%, 5/12/17                                 | 637          | 645,901      |
| Incremental Term Loan, 7.25%, 5/13/17                                    | 115          | 115,575      |
| Second Lien Term Loan, 8.25%, 2/28/19                                    | 147          | 149,940      |
|  |              | 2,287,775    |
| <b>Chemicals 4.5%</b>  |              |              |
| American Rock Salt Holdings LLC, Term Loan, 5.50%,<br>4/25/17            | 604          | 598,353      |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16                         | 655          | 659,912      |
| Evergreen Acqco 1 LP, Term Loan, 5.00%, 7/09/19                          | 483          | 486,978      |
| General Chemical Corp., Term Loan, 5.00% 5.75%<br>10/06/15               | 356          | 357,102      |

## INEOS US Finance LLC:

|  |     |       |           |
|--|-----|-------|-----------|
| 3 Year Term Loan, 5.50%, 5/04/15                                 |     | 89    | 90,978    |
| 6 Year Term Loan, 6.50%, 5/04/18                                 |     | 365   | 372,053   |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17                 |     | 590   | 587,971   |
| Tronox Pigments (Netherlands) BV, Term Loan B, 4.25%,<br>2/08/18 |     | 602   | 601,209   |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17                        |     | 412   | 410,129   |
| US Coatings Acquisition, Inc.:                                   |     |       |           |
| Term Loan, 4.75%, 2/03/20  |     | 1,510 | 1,528,331 |
| Term Loan B, 5.25%, 2/03/20                                      | EUR | 145   | 191,232   |
|  |     |       | 5,884,248 |

**Commercial Banks 0.5%**

|   |     |     |         |
|---|-----|-----|---------|
| Everest Acquisition LLC, Term Loan B1, 5.00%, 5/24/18 | USD | 660 | 665,537 |
|---|-----|-----|---------|

**Commercial Services & Supplies 5.5%**

|   |  |       |           |
|---|--|-------|-----------|
| ACCO Brands Corp., Term Loan B, 4.25%, 4/30/19                    |  | 605   | 609,885   |
| ADS Waste Holdings, Inc., Term Loan B, 5.25%, 10/09/19            |  | 1,305 | 1,306,227 |
| Altegrity, Inc.:  |  |       |           |
| Term Loan, 3.20%, 2/21/15   |  | 225   | 217,125   |
| Tranche D Term Loan, Tranche D Term Loan, 7.75%,<br>2/20/15       |  | 279   | 279,288   |
| ARAMARK Corp.:  |  |       |           |
| Extended Synthetic LC, 3.46%, 7/26/16                             |  | 9     | 9,420     |
| Extended Term Loan B, 3.45%, 7/26/16                              |  | 211   | 211,797   |
| Extended Term Loan C, 3.45% 3.56%, 7/26/16                        |  | 116   | 116,936   |
| Letter of Credit, 3.46%, 7/26/16                                  |  | 14    | 13,929    |
| AWAS Finance Luxembourg 2012 SA, Term Loan, 4.75%,<br>7/16/18     |  | 309   | 314,013   |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%,<br>6/10/16      |  | 327   | 329,269   |
| Delos Aircraft, Inc., Term Loan 2, 4.75%, 4/12/16                 |  | 825   | 829,810   |
| Garda World Security Corp., Term Loan B, 4.50%, 11/13/19          |  | 165   | 166,131   |
| KAR Auction Services, Inc., Term Loan B, 5.00%, 5/19/17           |  | 1,182 | 1,193,820 |
| Progressive Waste Solutions Ltd., Term Loan B, 3.50%,<br>10/24/19 |  | 315   | 317,756   |
| Protection One, Inc., Term Loan, 5.75%, 3/21/19                   |  | 561   | 565,669   |
| WEST Corp., Term Loan B8, 5.75%, 2/07/18                          |  | 690   | 692,015   |
|   |  |       | 7,173,090 |

See Notes to Financial Statements.

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**BlackRock Defined Opportunity Credit Trust (BHL)**  
(Percentages shown are based on Net Assets)

Schedule of Investments (continued)

|  |     | <b>Par<br/>(000)</b> | <b>Value</b>           |
|--|-----|----------------------|------------------------|
| <b>Floating Rate Loan Interests (b)</b>                        |     |                      |                        |
| <b>Communications Equipment 4.0%</b>                           |     |                      |                        |
| Alcatel-Lucent:  |     |                      |                        |
| Term Loan B, 6.25%, 7/29/16                                    | USD | 440                  | \$ 444,598             |
| Term Loan C, 7.25%, 1/31/19                                    |     | 755                  | 763,305                |
| Term Loan D, 7.75%, 1/31/19                                    | EUR | 245                  | 320,704                |
| Arris Group, Inc., Term Loan B, 3.50%,<br>2/07/20              | USD | 175                  | 174,617                |
| Avaya, Inc.:   |     |                      |                        |
| Extended Term Loan B3, 4.79%, 10/26/17                         |     | 182                  | 169,600                |
| Term Loan B5, 8.00%, 3/30/18                                   |     | 121                  | 121,268                |
| CommScope, Inc., Term Loan, 4.25%,<br>1/12/18                  |     | 810                  | 813,413                |
| Riverbed Technology, Inc., Term Loan,<br>4.00%, 12/18/19       |     | 380                  | 384,275                |
| Zayo Group, LLC Refinancing, Term Loan B,<br>5.25%, 7/12/19    |     | 2,075                | 2,081,317<br>5,273,097 |
| <b>Construction &amp; Engineering 1.5%</b>                     |     |                      |                        |
| BakerCorp International, Inc., Term Loan B,<br>5.00%, 2/14/20  |     | 360                  | 360,486                |
| Centaur LLC:   |     |                      |                        |
| First Lien Term Loan, 8.75%, 2/15/19                           |     | 570                  | 570,359                |
| Second Lien Term Loan, 8.75%, 2/15/20                          |     | 280                  | 284,200                |
| Safway Services LLC, First Out Term Loan,<br>9.00%, 12/16/17   |     | 750                  | 750,000<br>1,965,045   |
| <b>Construction Materials 1.9%</b>                             |     |                      |                        |
| HD Supply, Inc., Senior Debt B, 4.50%,<br>10/12/17             |     | 2,537                | 2,544,124              |
| <b>Consumer Finance 0.8%</b>                                   |     |                      |                        |
| Springleaf Financial Funding Co., Term<br>Loan, 5.50%, 5/10/17 |     | 1,060                | 1,063,752              |
| <b>Containers &amp; Packaging 0.5%</b>                         |     |                      |                        |
| Berry Plastics Holding Corp., Term Loan C,<br>2.20%, 4/03/15   |     | 247                  | 247,223                |
| Sealed Air Corp., Term Loan, 4.00%,<br>10/03/18                |     | 379                  | 383,567<br>630,790     |
| <b>Distributors 0.4%</b>                                       |     |                      |                        |
| Crossmark Holdings, Inc., Term Loan,<br>4.50%, 1/31/20         |     | 235                  | 235,099                |
| VWR Funding, Inc., Extended Term Loan B,<br>4.54%, 4/03/17     |     | 280                  | 282,013<br>517,112     |
| <b>Diversified Consumer Services 2.9%</b>                      |     |                      |                        |
|  |     | 645                  | 648,225                |

|  |              |              |
|--|--------------|--------------|
| Bright Horizons Family, Inc., Term Loan B,<br>4.00%, 1/16/20         |              |              |
| Coinmach Service Corp.:  |              |              |
| Delayed Draw Term Loan, 3.21%, 11/20/14                              | 241          | 235,188      |
| Term Loan B, 3.21%, 11/20/14   | 886          | 866,304      |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18            | 113          | 96,946       |
| Laureate Education, Inc., Extended Term<br>Loan, 5.25%, 6/18/18      | 692          | 695,924      |
| ServiceMaster Co., Term Loan, 2.70%,<br>4/01/17                      | 870          | 867,048      |
| Weight Watchers International, Inc., Term<br>Loan F, 4.00%, 3/15/19  | 350          | 351,441      |
|  |              | 3,761,076    |
| <b>Diversified Financial Services 1.9%</b>                           |              |              |
| Reynolds Group Holdings Inc., Dollar Term<br>Loan, 4.75%, 9/28/18    | 1,416        | 1,432,088    |
| Telesat LLC, Term Loan B, 4.25%, 3/28/19                             | 741          | 746,464      |
| WMG Acquisition Corp., Term Loan, 5.25%,<br>11/01/18                 | 370          | 374,162      |
|  |              | 2,552,714    |
| <b>Diversified Telecommunication Services<br/>4.9%</b>               |              |              |
| Consolidated Communications, Inc., Term<br>Loan B3, 5.25%, 12/31/18  | 880          | 888,527      |
|  | <b>Par</b>   | <b>Value</b> |
|  | <b>(000)</b> |              |
| <b>Floating Rate Loan Interests (b)</b>                              |              |              |
| <b>Diversified Telecommunication Services (concluded)</b>            |              |              |
| Hawaiian Telcom Communications, Inc.,<br>Term Loan B, 7.00%, 2/28/17 | USD 529      | \$ 538,588   |
| Integra Telecom, Inc.:   |              |              |
| Second Lien Term Loan, 9.75%, 2/15/20                                | 245          | 250,513      |
| Term Loan, 9.25%, 2/15/19  | 465          | 470,115      |
| Level 3 Financing, Inc.:   |              |              |
| 2016 Term Loan B, 4.75%, 2/01/16                                     | 668          | 675,844      |
| 2019 Term Loan B, 5.25%, 8/01/19                                     | 650          | 656,636      |
| Term Loan, 4.75%, 8/01/19  | 1,735        | 1,748,880    |
| Syniverse Holdings, Inc., Delayed Draw<br>Term Loan, 4.00%, 4/23/19  | 460          | 459,425      |
| US Telepacific Corp., Term Loan B, 5.75%,<br>2/23/17                 | 738          | 736,072      |
|  |              | 6,424,600    |
| <b>Electronic Equipment, Instruments &amp; Components 0.4%</b>       |              |              |
| CDW LLC, Extended Term Loan, 4.00%,<br>7/14/17                       | 503          | 503,994      |
| <b>Energy Equipment &amp; Services 2.2%</b>                          |              |              |
| Dynegy Midwest Generation LLC, Coal Co.<br>Term Loan, 9.25%, 8/04/16 | 542          | 559,344      |
| Dynegy Power LLC, Gas Co. Term Loan,<br>9.25%, 8/04/16               | 632          | 657,214      |
|  | 965          | 967,413      |

|  |     |       |           |
|--|-----|-------|-----------|
| MEG Energy Corp., Term Loan, 3.75%,<br>3/20/20                           |     |       |           |
| Tervita Corp., Incremental Term Loan,<br>3.20%, 5/01/18                  |     | 450   | 452,322   |
| Unifrax I LLC/Unifrax Holding Co., Term<br>Loan, 4.25%, 11/28/18         |     | 220   | 221,454   |
|  |     |       | 2,857,747 |
| <b>Food &amp; Staples Retailing 2.2%</b>                                 |     |       |           |
| Alliance Boots Holdings Ltd., Term Loan B1,<br>3.49%, 7/09/15            | GBP | 900   | 1,337,192 |
| Pilot Travel Centers LLC, Term Loan B2,<br>4.25%, 8/07/19                | USD | 484   | 488,171   |
| Rite Aid Corp.:  |     |       |           |
| Second Lien Term Loan, 5.75%, 7/07/20                                    |     | 235   | 240,353   |
| Term Loan 6, 4.00%, 2/21/20  |     | 225   | 225,434   |
| Supervalu, Inc., Term Loan B, 6.25%,<br>2/05/18                          |     | 520   | 525,850   |
|  |     |       | 2,817,000 |
| <b>Food Products 2.2%</b>  |     |       |           |
| Advance Pierre Foods, Inc., Term Loan,<br>5.75%, 7/10/17                 |     | 545   | 551,643   |
| Del Monte Foods Co., Term Loan, 4.50%,<br>3/08/18                        |     | 888   | 890,600   |
| Michael Foods Group, Inc., Term Loan,<br>4.25%, 2/23/18                  |     | 170   | 171,447   |
| Pinnacle Foods Finance LLC:  |     |       |           |
| Extended Term Loan B, 3.70%, 10/03/16                                    |     | 39    | 39,647    |
| Term Loan E, 4.75%, 10/17/18   |     | 499   | 503,916   |
| Solvest Ltd. (Dole):   |     |       |           |
| Term Loan B-2, 5.00% 6.00%, 7/06/18                                      |     | 278   | 277,699   |
| Term Loan C-2, 5.00% 6.00%, 7/06/18                                      |     | 497   | 496,935   |
|  |     |       | 2,931,887 |
| <b>Health Care Equipment &amp; Supplies 4.6%</b>                         |     |       |           |
| Bausch & Lomb, Inc., Term Loan B, 5.25%,<br>5/17/19                      |     | 1,323 | 1,333,116 |
| Biomet, Inc., Extended Term Loan B, 3.95%<br>4.06%, 7/25/17              |     | 465   | 468,037   |
| BSN Medical Acquisition Holding GmbH,<br>Term Loan B, 5.00%, 8/28/19     |     | 385   | 386,540   |
| Capital Safety North America Holding, Inc.,<br>Term Loan, 4.50%, 1/21/19 |     | 352   | 352,338   |
| DJO Finance LLC:   |     |       |           |
| Extended Term Loan B2, 5.20%, 11/01/16                                   |     | 189   | 190,044   |
| Term Loan B3, 6.25%, 9/15/17   |     | 1,052 | 1,060,604 |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19                               |     | 1,118 | 1,129,784 |
| IASIS Healthcare LLC, Term Loan B2,<br>4.50%, 5/03/18                    |     | 96    | 96,807    |
| Immucor, Inc., Term Loan B1, 5.00%,<br>8/18/18                           |     | 815   | 813,700   |
| LHP Hospital Group, Inc., Term Loan,<br>9.00%, 7/03/18                   |     | 214   | 218,738   |

See Notes to Financial Statements.

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**BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

Schedule of Investments (continued)

|   |     | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|-----|----------------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>   |     |                      |              |
| <b>Health Care Providers &amp; Services 5.5%</b>  |     |                      |              |
| American Renal Holdings Co., Inc.:  |     |                      |              |
| First Lien Term Loan, 4.00%, 8/14/19  | USD | 660                  | \$ 658,350   |
| Second Lien Term Loan, 8.50%, 2/14/20   |     | 410                  | 408,975      |
| Ardent Medical Services, Inc., Term Loan,<br>6.75%, 7/02/18   |     | 265                  | 268,644      |
| CHG Buyer Corp., First Lien Term Loan,<br>5.00%, 11/22/19   |     | 459                  | 464,248      |
| ConvaTec, Inc., Term Loan, 5.00%, 12/22/16  |     | 581                  | 586,854      |
| DaVita, Inc.:   |     |                      |              |
| Term Loan B, 4.50%, 10/20/16  |     | 1,006                | 1,012,918    |
| Term Loan B2, 4.00%, 11/01/19   |     | 630                  | 634,523      |
| Emergency Medical Services Corp., Term<br>Loan, 4.00%, 5/25/18  |     | 631                  | 631,973      |
| Genesis HealthCare Corp., Term Loan B,<br>10.00% 10.75%, 9/25/17                                      |     | 215                  | 210,223      |
| Harden Healthcare LLC:  |     |                      |              |
| Add on Term Loan A, 7.75%, 3/02/15  |     | 411                  | 402,796      |
| Term Loan A, 8.50%, 3/02/15   |     | 273                  | 270,586      |
| HCA, Inc., Extended Term Loan B3, 3.45%,<br>5/01/18   |     | 235                  | 236,074      |
| inVentiv Health, Inc.:  |     |                      |              |
| Combined Term Loan, 7.50%, 8/04/16  |     | 170                  | 167,084      |
| Incremental Term Loan B-3, 7.75%, 5/15/18   |     | 219                  | 215,289      |
| Medpace, Inc., Term Loan, 6.50% 7.25%,<br>6/16/17   |     | 507                  | 504,742      |
| US Renal Care, Inc., First Lien Term Loan,<br>6.25%, 7/02/19  |     | 512                  | 519,471      |
| Vanguard Health Holding Co. II LLC<br>(Vanguard Health Systems, Inc.), Term Loan<br>B, 5.00%, 1/29/16 |     | 59                   | 59,476       |
|   |     |                      | 7,252,226    |
| <b>Health Care Technology 1.5%</b>  |     |                      |              |
| IMS Health, Inc., Term Loan B, 3.75%,<br>8/25/17  |     | 752                  | 753,490      |
| Kinetic Concepts, Inc., Term Loan C1, 5.50%<br>6.50%, 5/04/18   |     | 921                  | 932,803      |
| MedAssets, Inc., Term Loan B, 4.00%,<br>12/13/19  |     | 285                  | 286,662      |
|   |     |                      | 1,972,955    |
| <b>Hotels, Restaurants &amp; Leisure 7.7%</b>   |     |                      |              |
| Alpha D2 Ltd., Extended Term Loan B2,<br>6.00%, 4/30/19   |     | 606                  | 613,101      |
| Boyd Gaming Corp., Incremental Term Loan,<br>6.00%, 12/17/15  |     | 375                  | 377,971      |
| Caesars Entertainment Operating Co., Inc.:  |     |                      |              |

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|   |     |              |              |
|---|-----|--------------|--------------|
| Term Loan, 9.25%, 4/25/17   |     | 320          | 326,400      |
| Term Loan B1, 3.20%, 1/28/15                                      |     | 632          | 630,520      |
| Golden Living, Term Loan, 5.00%, 5/04/18                          |     | 366          | 350,674      |
| Harrah s Property Co., Mezzanine Term Loan, 3.69%, 2/13/14        |     | 1,333        | 1,226,084    |
| MGM Resorts International, Term Loan B, 4.25%, 12/20/19           |     | 775          | 783,912      |
| OSI Restaurant Partners LLC, Term Loan B, 4.75%, 10/24/19         |     | 580          | 587,313      |
| Sabre, Inc., Term Loan B, 5.25%, 2/01/19                          |     | 320          | 319,773      |
| SeaWorld Parks & Entertainment, Inc., Term Loan B, 4.00%, 8/17/17 |     | 426          | 428,265      |
| Six Flags Theme Parks, Inc., Term Loan B, 4.00% 5.25%, 12/20/18   |     | 342          | 345,835      |
| Station Casinos, Inc.:  |     |              |              |
| 2011 Term Loan B2, 6.25%, 6/17/16                                 |     | 95           | 94,209       |
| Term Loan B, 5.50%, 9/27/19                                       |     | 793          | 797,636      |
| Term Loan B, 5.00%, 2/13/20                                       |     | 1,200        | 1,210,000    |
| Term Loan B1, 3.20%, 6/17/16                                      |     | 351          | 353,660      |
| Twin River Worldwide Holdings, Inc., Term Loan, 8.50%, 11/05/15   |     | 484          | 486,965      |
| Wendy s International, Inc., Term Loan B, 4.75%, 5/15/19          |     | 1,082        | 1,091,346    |
|   |     |              | 10,023,664   |
|   |     | <b>Par</b>   | <b>Value</b> |
|   |     | <b>(000)</b> |              |
| <b>Floating Rate Loan Interests (b)</b>                           |     |              |              |
| <b>Household Products 1.1%</b>                                    |     |              |              |
| Prestige Brands, Inc., Term Loan, 5.25% 6.25%, 1/31/19            | USD | 469          | \$ 471,231   |
| Spectrum Brands, Inc., Term Loan, 4.50%, 12/17/19                 |     | 955          | 966,536      |
|   |     |              | 1,437,767    |
| <b>Independent Power Producers &amp; Energy Traders 0.8%</b>      |     |              |              |
| The AES Corp., Term Loan, 4.25%, 6/01/18                          |     | 768          | 771,095      |
| Calpine Corp., Term Loan B1, 4.50%, 4/02/18                       |     | 214          | 215,171      |
|   |     |              | 986,266      |
| <b>Industrial Conglomerates 1.2%</b>                              |     |              |              |
| Sequa Corp., Term Loan B, 5.25%, 6/19/17                          |     | 1,496        | 1,513,545    |
| <b>Insurance 1.6%</b>   |     |              |              |
| Alliant Holdings I, Inc., Term Loan B, 5.00%, 12/20/19            |     | 425          | 428,187      |
| Asurion LLC, Term Loan B1, 5.50%, 5/24/19                         |     | 305          | 305,891      |
| CNO Financial Group, Inc.:  |     |              |              |
| Term Loan B-1, 4.25%, 9/28/16                                     |     | 390          | 392,421      |
| Term Loan B-2, 5.00%, 9/20/18                                     |     | 536          | 541,495      |
| Cunningham Lindsey Group, Inc., Term Loan B, 5.00%, 12/10/19      |     | 370          | 374,625      |
|   |     |              | 2,042,619    |
| <b>Internet Software &amp; Services 0.4%</b>                      |     |              |              |
| Web.com Group, Inc., Term Loan B, 5.50%, 10/27/17                 |     | 521          | 525,454      |

**IT Services 5.9%**

|   |       |           |
|---|-------|-----------|
| CCC Information Services, Inc., Term Loan,<br>5.25%, 12/20/19 | 215   | 216,290   |
| Ceridian Corp., Extended Term Loan, 5.95%,<br>5/09/17         | 954   | 964,859   |
| First Data Corp.:   |       |           |
| 2018 Add-on Term Loan, 5.20%, 9/24/18                         | 595   | 594,732   |
| Extended 2018 Term Loan B, 4.20%, 3/23/18                     | 2,910 | 2,872,851 |
| Genpact International, Inc., Term Loan B,<br>4.25%, 8/30/19   | 808   | 816,055   |
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18                    | 272   | 246,696   |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17                   | 74    | 73,914    |
| SunGard Data Systems, Inc., Term Loan D,<br>4.50%, 1/31/20    | 590   | 594,425   |
| TransUnion LLC, Term Loan B, 5.50%,<br>2/12/18                | 1,259 | 1,266,628 |
|   |       | 7,646,450 |

**Leisure Equipment & Products 0.5%**

|   |     |         |
|---|-----|---------|
| Eastman Kodak Co., DIP Term Loan B,<br>8.50%, 7/19/13 | 192 | 192,013 |
| FGI Operating Co. LLC, Term Loan, 5.50%,<br>4/19/19   | 413 | 411,632 |
|   |     | 603,645 |

**Life Sciences Tools & Services 0.2%**

|   |     |         |
|---|-----|---------|
| Patheon, Inc., Term Loan, 7.25%, 12/06/18 | 274 | 277,399 |
|---|-----|---------|

**Machinery 2.7%**

|   |         |           |
|---|---------|-----------|
| Alliance Laundry Systems LLC:                                       |         |           |
| First Lien Term Loan, 5.50%, 12/07/18                               | 230     | 230,934   |
| Second Lien Term Loan, 9.50%, 12/10/19                              | 131     | 133,200   |
| Dematic S.A., Term Loan, 5.25%, 12/27/19                            | 570     | 573,739   |
| Intelligrated, Inc., First Lien Term Loan,<br>4.50% 6.75%, 7/30/18  | 399     | 399,000   |
| Rexnord Corp., Term Loan B, 4.50%, 4/02/18                          | 312     | 313,802   |
| Silver II US Holdings LLC, First Lien Term<br>Loan, 4.75%, 12/05/19 | 650     | 650,000   |
| Terex Corp. Term Loan B:  |         |           |
| 4.50%, 4/28/17  | 598     | 603,504   |
| 5.00%, 4/28/17  | EUR 59  | 77,573    |
| Wabash National Corp., Term Loan B,<br>6.00%, 5/02/19               | USD 516 | 519,316   |
|   |         | 3,501,068 |

See Notes to Financial Statements.

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**BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

Schedule of Investments (continued)

| <b>Floating Rate Loan Interests (b)</b>                           |     | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|-----|----------------------|--------------|
| <b>Media 15.8%</b>  |     |                      |              |
| AMC Entertainment, Inc., Term Loan B3, 3.75%,<br>2/22/18          | USD | 322                  | \$ 324,002   |
| BBHI Acquisition LLC, Term Loan B, 4.50%, 12/14/17                |     | 626                  | 627,806      |
| Capsugel Holdings US, Inc., Term Loan B, 4.75%,<br>8/01/18        |     | 541                  | 546,296      |
| Catalina Marketing Corp., Extended Term Loan B,<br>5.70%, 9/29/17 |     | 508                  | 508,623      |
| Cengage Learning Acquisitions, Inc.:                              |     |                      |              |
| Non-Extended Term Loan, 2.71%, 7/03/14                            |     | 227                  | 177,448      |
| Tranche 1 Incremental, 7.50%, 7/03/14                             |     | 367                  | 292,047      |
| Charter Communications Operating LLC:                             |     |                      |              |
| Extended Term Loan C, 3.46%, 9/06/16                              |     | 538                  | 540,169      |
| Term Loan D, 4.00%, 5/15/19                                       |     | 313                  | 315,128      |
| Clarke American Corp., Term Facility B, 2.70%, 6/30/14            |     | 89                   |              |