BLACKROCK PREFERRED INCOME STRATEGIES FUND, INC.
Form N-CSR
January 07, 2008

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21286

Name of Fund: BlackRock Preferred Income Strategies Fund, Inc. (PSY)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer, BlackRock Preferred Income Strategies Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ 08536. Mailing address: P.O. Box 9011, Princeton, NJ 08543-9011

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

Date of fiscal year end: 10/31/2007

Date of reporting period: 11/01/2006 - 10/31/2007

Item 1 - Report to Stockholders

EQUITIES   FIXED INCOME   REAL ESTATE
LIQUIDITY ALTERNATIVES   BLACKROCK SOLUTIONS

Annual Report   BLACKROCK

OCTOBER 31, 2007

BlackRock Preferred and Corporate Income Strategies Fund, Inc. (PSW)
BlackRock Preferred Income Strategies Fund, Inc. (PSY)

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

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A Letter to Shareholders

Dear Shareholder

The October reporting period was fairly tumultuous for financial markets, but culminated in positive performance for most major benchmarks:

Total Returns as of October 31, 2007	6-month	12
U.S. equities (S&P 500 Index)	+5.49%	+
Small cap U.S. equities (Russell 2000 Index)	+2.25%	+
International equities (MSCI Europe, Australasia, Far East Index)	+8.19%	+
Fixed income (Lehman Brothers U.S. Aggregate Bond Index)	+2.68%	+
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	+1.30%	+
High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index)	-0.07%	+

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

Subprime mortgage woes dominated headlines for much of 2007, but intensified in the summer and fall, spawning a widespread liquidity and credit crisis with ramifications across global markets. The Federal Reserve Board (the "Fed") and other countries' central banks stepped in to inject liquidity into the markets and bolster investor confidence. The Fed cut the federal funds rate by 0.50% in September and another 0.25% on the final day of the reporting period, bringing its target rate to 4.50%. In taking action, the central bankers, who had long deemed themselves inflation fighters, were seeking to stem the fallout from the credit crunch and forestall a wider economic unraveling. By period-end, the Fed had cited the risks between slower economic growth and faster inflation as equally balanced.

Amid the volatility throughout the past year, equity markets have displayed surprising resilience. Most recently, the credit turmoil dampened corporate merger-and-acquisition (M&A) activity, a key source of strength for equity markets. Still, market fundamentals have held firm, dividend payouts and share buybacks have continued to grow, and valuations remain attractive. These tailwinds generally have prevailed over the headwinds created by the slowing U.S. economy, troubled housing market and, recently, a more difficult corporate earnings backdrop. International markets fared even better than U.S. equities, benefiting from robust M&A activity and generally stronger economies.

In fixed income markets, mixed economic signals and the credit woes resulted in a flight to quality. At the height of the uncertainty, investors shunned bonds associated with the housing and credit markets in favor of higher-quality Treasury issues. The yield on 10-year Treasury issues, which touched 5.30% in June (its highest level in five years), fell to 4.48% by period-end, while prices correspondingly rose. The tax-exempt bond market has been challenged by a combination of record-setting supply year-to-date, economic uncertainty and concerns around the credit worthiness of bond insurers. This has brought municipal bond prices to relatively attractive levels and, as such, demand generally has remained firm.

As you navigate market volatility, we encourage you to review your investment goals with your financial professional and to make portfolio changes, as needed. For more market insight and commentary from BlackRock investment professionals, we invite you to visit www.blackrock.com/funds. As always, we thank you for entrusting BlackRock with your investment assets, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

/s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.
Vice Chairman, BlackRock, Inc.

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THIS PAGE NOT PART OF YOUR FUND REPORT

Fund Summary as of October 31, 2007
BlackRock Preferred and Corporate Income Strategies Fund, Inc.

Investment Objective

BlackRock Preferred and Corporate Income Strategies Fund, Inc. (PSW) seeks to provide shareholders with high current income. The secondary objective of the Fund is to seek to provide shareholders with capital appreciation. The Fund seeks to achieve its objectives by investing primarily in a portfolio of preferred securities and debt securities, including convertible securities that may be converted into common stock or other securities of the same or a different issuer.

Fund Information

Symbol on New York Stock Exchange	PSW
Initial Offering Date	August 1, 2003
Yield on Closing Market Price as of October 31, 2007 ($17.29)* .	9.25%
Current Monthly Distribution per share of Common Stock**	$.133333
Current Annualized Distribution per share of Common Stock**	$ 1.60
Leverage as of October 31, 2007***	40.43%

* Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

** The distribution is not constant and is subject to change. A portion of the distribution may be deemed a tax return of capital or net realized gain at fiscal year end.

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

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

	10/31/07	10/31/06	Change	High	Low
Market Price	$17.29	$21.26	(18.67%)	$22.47	$15.70
Net Asset Value	$19.54	$22.25	(12.18%)	$22.48	$19.20

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

Portfolio Composition

Asset Mix	10/31/07	10/31/06
Corporate Bonds	42.7%	19.4%
Preferred Stocks	21.8	22.9
Capital Trusts	18.9	35.8
Trust Preferreds	8.7	6.1
Real Estate Investment Trusts	6.8	12.8
Government & Agency Obligations	1.1	3.0

Credit Quality Allocations*

Credit Rating	10/31/07	10/31/06
AAA/Aaa	2.7%	4.5%
AA/Aa	11.5	0.9
A/A	20.8	12.5
BBB/Baa	30.4	35.8
BB/Ba	4.4	7.9
NR (Not Rated)	2.0	2.7
Other*	28.2	35.7

* Includes portfolio holdings in Preferred Stocks and Real Estate Investment Trusts.

Fund Summary as of October 31, 2007
BlackRock Preferred Income Strategies Fund, Inc.

Investment Objective

BlackRock Preferred Income Strategies Fund, Inc. (PSY) seeks to provide shareholders with high current income. The secondary objective of the Fund is to seek to provide shareholders with capital appreciation. The Fund seeks to achieve its objectives by investing primarily in a portfolio of preferred securities, including convertible preferred securities that may be converted into common stock or other securities of the same or a different issuer.

Fund Information

Symbol on New York Stock Exchange	PSY
Initial Offering Date	March 28, 2003
Yield on Closing Market Price as of October 31, 2007 ($16.94)* .	8.12%
Current Monthly Distribution per share of Common Stock**	$ .114583
Current Annualized Distribution per share of Common Stock**	$ 1.375
Leverage as of October 31, 2007***	40.45%

* Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

** The distribution is not constant and is subject to change. A portion of the distribution may be deemed a tax return of capital or net realized gain at fiscal year end.

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

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

	10/31/07	10/31/06	Change	High	Low
Market Price	$16.94	$20.12	(15.81%)	$21.09	$15.66
Net Asset Value	$19.93	$22.36	(10.87%)	$22.74	$19.51

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

Portfolio Composition

Asset Mix	10/31/07	10/31/06
Corporate Bonds	38.1%	20.0%
Preferred Stocks	25.2	27.6
Capital Trusts	24.6	30.7
Trust Preferreds	7.9	5.9
Real Estate Investment Trusts	3.4	14.4
Government & Agency Obligations	0.8	1.4

Credit Quality Allocations*

Credit Rating	10/31/07	10/31/06
AAA/Aaa	1.3%	2.5%
AA/Aa	12.9	2.4
A/A	29.2	20.7
BBB/Baa	23.2	25.4
BB/Ba	2.0	2.9
NR (Not Rated)	2.7	4.1
Other*	28.7	42.0

* Includes portfolio holdings in Preferred Stocks and Real Estate Investment Trusts.

Schedule of Investments As of October 31, 2007
BlackRock Preferred and Corporate Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities

Face Amount	Capital Trusts	Value
Capital Markets -- 1.5%		
$ 3,390,000	State Street Capital Trust IV, 6.694% due 6/01/2067 (b)	$ 3,061,153
Commercial Banks -- 11.0%		
725,000	Abbey National Capital Trust I, 8.963% (b)(g)	884,647
4,600,000	BB&T Capital Trust IV, 6.82% due 6/12/2077 (b)	4,481,035
1,585,000	Barclays Bank Plc, 5.926% (b)(f)(g)	1,500,247
2,000,000	Cullen/Frost Capital Trust I, 7.171% due 3/01/2034 (b)	1,892,174
975,000	Dresdner Funding Trust I, 8.151% due 6/30/2031 (f)	1,066,724
5,000,000	First Chicago NBD Institutional Capital I, 5.461% due 2/01/2027 (b)	4,580,670
910,000	First Empire Capital Trust II, 8.277% due 6/01/2027	948,837
1,500,000	Hubco Capital Trust II Series B, 7.65% due 6/15/2028	1,560,000
975,000	Huntington Capital III, 6.65% due 5/15/2037 (b)	914,954
2,310,000	RBS Capital Trust B, 6.80% (g)	2,258,025
980,000	Royal Bank of Scotland Group Plc, 7.648% (b)(g)	1,046,179
1,050,000	SunTrust Preferred Capital I, 5.853% (b)(g)	1,030,856
		22,164,348
Consumer Finance -- 2.2%		
3,470,000	Capital One Capital III, 7.686% due 8/15/2036	3,363,322
910,000	MBNA Capital A, 8.278% due 12/01/2026	945,393
		4,308,715
Diversified Financial Services -- 2.4%		
3,000,000	Farm Credit Bank of Texas Series 1, 7.561% (b)(g)	3,242,730
1,830,000	JPMorgan Chase Capital XXIII, 6.558% due 5/15/2047 (b)(h)	1,612,722
		4,855,452
Insurance -- 10.4%		
3,990,000	AON Corp., 8.205% due 1/01/2027	4,333,595
1,510,000	Ace Capital Trust II, 9.70% due 4/01/2030	1,929,055
9,110,000	Farmers Exchange Capital, 7.05% due 7/15/2028 (f)	9,262,547
750,000	Genworth Financial, Inc., 6.15% due 11/15/2066 (b)	699,818
3,000,000	Mangrove Bay Pass-Through Trust, 6.102% due 7/15/2033 (b)(f)	2,800,200
915,000	Oil Casualty Insurance Ltd., 8%	

	due 9/15/2034 (f)	910,053
1,000,000	Zenith National Insurance Capital Trust I, 8.55% due 8/01/2028 (f)	985,000
		20,920,268
Multi-Utilities -- 0.6%		
1,200,000	Dominion Resources Capital Trust I, 7.83% due 12/01/2027	1,252,379
Thrifts & Mortgage Finance -- 0.5%		
975,000	Webster Capital Trust IV, 7.65% due 6/15/2037 (b)	967,122
	Total Capital Trusts (Cost -- $57,286,276) -- 28.6%	57,529,437

Shares Held	Preferred Stocks	Value
Capital Markets -- 1.2%		
1,900,000	Ameriprise Financial, Inc., 7.518% due 6/01/2066 (b)	1,941,768
15,000	Deutsche Bank Contingent Capital Trust II, 6.55%	360,000
		2,301,768
Commercial Banks -- 8.3%		
1,000,000	Barclays Bank Plc, 6.278% (b)	882,236
1,176	First Tennessee Bank NA, 6.10% (b)(f)	1,128,593
1,900,000	ICICI Bank Ltd., 7.25% (b)(f)	1,764,207
42,000	Provident Financial Group, Inc., 7.75%	1,090,690
4,425,000	Resona Preferred Global Securities Ltd., 7.191% (b)(f)	4,443,620
1,200,000	Royal Bank of Scotland Group Plc, 9.118%	1,283,501
	Santander Finance Preferred SA Unipersonal (f):	
149,000	6.50%	3,501,500
100,000	6.80%	2,343,750
12,000	Sovereign Bancorp, Inc. Series C, 7.30% (a)	312,000
		16,750,097
Diversified Financial Services -- 3.9%		
98,000	Bank of America Corp., 6.625%	2,523,500
38,000	Cobank ACB, 7% (f)	1,894,604
3,870,000	JPMorgan Chase Capital XXI Series U, 5.844% due 2/02/2037 (b)	3,433,383
		7,851,487
Electric Utilities -- 1.9%		
25,000	Alabama Power Co., 6.50%	631,250
28,800	Entergy Arkansas, Inc., 6.45%	741,600
22,650	Entergy Louisiana LLC, 6.95%	2,353,607
		3,726,457
Insurance -- 11.7%		

4,975,000	AXA SA, 6.379% (b)(f)	4,531,011
55,000	Aspen Insurance Holdings Ltd., 7.401% (b)	1,289,063
	Axis Capital Holdings Ltd:	
35,000	Series A, 7.25%	841,750
9,000	Series B, 7.50% (b)	916,594
35,200	Endurance Specialty Holdings Ltd. Series A, 7.75%	893,024
1,740,000	Financial Security Assurance Holdings Ltd., 6.40% due 12/15/2066 (b)(f)	1,569,603
2,000,000	Great West Life & Annuity Insurance Co., 7.153% due 5/16/2046 (b)(f)	2,043,250
	MetLife, Inc.:	
4,000,000	6.40% due 12/15/2036	3,789,224
70,000	Series B, 6.50%	1,740,200
1,000,000	Oil Insurance Ltd., 7.558% (b)(f)	1,027,920
1,450,000	PartnerRe Finance II, 6.44% due 12/01/2066 (b)	1,348,329
165,000	RenaissanceRe Holding Ltd. Series D, 6.60%	3,547,500
		23,537,468
Multi-Utilities -- 1.1%		
2,100,000	Dominion Resources, Inc., 7.50% due 6/30/2066 (b)	2,158,922
Oil, Gas & Consumable Fuels -- 0.4%		
825,000	Enterprise Products Operating LP, 8.375% due 8/01/2066 (b)	858,779

Schedule of Investments (continued)
BlackRock Preferred and Corporate Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities (continued)

Shares Held	Preferred Stocks	Value
Thrifts & Mortgage Finance -- 3.1%		
6,000	Fannie Mae Series L, 5.125%	$ 248,100
100,000	Freddie Mac Series Y, 6.55%	2,570,000
160,000	Washington Mutual Capital Trust 2001 Series K, 6.394% (b)	3,462,400
		6,280,500
Wireless Telecommunication Services -- 1.5%		
2,720	Centaur Funding Corp., 9.08% (f)	3,077,000
	Total Preferred Stocks (Cost -- $69,448,019) -- 33.1%	66,542,478

	Real Estate Investment Trusts	
Real Estate -- 10.4%		
63,800	Alexandria Real Estate Equities, Inc.	

	Series C, 8.375%	1,620,520
21,000	CBL & Associates Properties, Inc. Series C, 7.75%	504,420
610	First Industrial Realty Trust, Inc., 6.236% (b)	618,578
17,000	HCP, Inc. Series F, 7.10%	379,950
	HRPT Properties Trust:	
425,000	Series B, 8.75%	10,625,000
125,000	Series C, 7.125%	2,951,250
44,000	Health Care REIT, Inc. Series F, 7.625%	1,078,000
59,500	iStar Financial, Inc. Series I, 7.50%	1,297,100
15,000	Kimco Realty Corp. Series G, 7.75% (i)	380,250
18,400	PS Business Parks, Inc. Series K, 7.95%	462,760
40,000	Public Storage, Inc. Series I, 7.25%	982,500
	Total Real Estate Investment Trusts (Cost -- $22,087,250) -- 10.4%	20,900,328

Face Amount	Trust Preferreds	
Commercial Banks -- 1.1%		
$ 250,000	KeyCorp Capital IX, 6.75%	232,555
700,000	National City Capital Trust II, 6.625% due 11/15/2066	594,131
1,500,000	Wachovia Capital Trust IX, 6.375% due 6/01/2067	1,357,285
		2,183,971
Consumer Finance -- 1.1%		
2,325,500	Capital One Capital II, 7.50% due 6/15/2066	2,199,710
Diversified Financial Services -- 0.9%		
1,980,000	Citigroup Capital XVII, 6.35% due 3/15/2067	1,796,762
Electric Utilities -- 0.6%		
1,235,000	PPL Energy Supply LLC, 7% due 7/15/2046	1,234,188
Gas Utilities -- 4.9%		
10,000,000	Southwest Gas Capital II, 7.70% due 9/15/2043	9,970,031
Insurance -- 1.9%		
2,000,000	ABN AMRO North America Capital Funding Trust II, 5.749% (b)(f)(g)	1,677,979
2,250,000	Lincoln National Capital VI Series F, 6.75% due 9/11/2052	2,168,955
		3,846,934
Media -- 2.7%		
5,875,000	Comcast Corp., 6.625% due 5/15/2056	5,457,992
	Total Trust Preferreds (Cost -- $28,010,801) -- 13.2%	26,689,588
	Total Preferred Securities (Cost -- $176,832,346) -- 85.3%	171,661,831

	Corporate Bonds	
Building Products -- 0.5%		
980,000	C8 Capital SPV Ltd., 6.64% (b)(f)(g)	955,471
Capital Markets -- 4.0%		
	The Bear Stearns Cos., Inc.:	
1,000,000	6.95% due 8/10/2012	1,040,692
950,000	6.40% due 10/02/2017	946,918
1,970,000	Credit Suisse Guernsey Ltd., 5.86% (b)(g)	1,835,175
610,000	Goldman Sachs Capital II, 5.793% (b)(g)	568,893
1,600,000	Lehman Brothers Holdings Capital Trust V, 6.371% (b)(g)	1,468,770
	Lehman Brothers Holdings, Inc.:	
330,000	7.394% due 9/15/2022 (b)	330,280
1,950,000	6.875% due 7/17/2037	1,932,158
		8,122,886
Commercial Banks -- 16.8%		
7,000,000	BNP Paribas, 7.195% (b)(f)(g)	6,962,536
2,015,000	Bank of Ireland Capital Funding II, LP, 5.571% (b)(f)(g)	1,852,390
2,150,000	Bank of Ireland Capital Funding III, LP, 6.107% (b)(f)(g)	1,978,140
1,325,000	Barclays Bank Plc, 7.434% (b)(f)(g)	1,404,554
8,095,000	Credit Agricole SA, 6.637% (b)(f)(g)	7,693,261
1,400,000	Royal Bank of Scotland Group Plc, 6.99% (b)(f)(g)	1,424,500
1,900,000	Royal Bank of Scotland Plc Series MTN, 7.64% (b)(g)	1,969,373
5,325,000	Societe Generale, 5.922% (b)(f)(g)	5,067,749
3,350,000	Standard Chartered Bank, 7.014% (b)(f)(g)	3,352,110
2,125,000	Woori Bank, 6.208% due 5/02/2067 (b)(f)	1,980,882
		33,685,495
Containers & Packaging -- 2.3%		
5,000,000	Sealed Air Corp., 6.875% due 7/15/2033 (f)	4,726,705
Diversified Financial Services -- 3.9%		
935,000	CIT Group, Inc., 5.734% due 11/23/2007 (b)	933,459
1,100,000	HVB Funding Trust I, 8.741% due 6/30/2031 (f)	1,276,018
5,625,000	JPMorgan Chase Capital XXV, 6.80% due 10/01/2037	5,618,796
		7,828,273
Diversified Telecommunication Services -- 2.6%		
4,000,000	France Telecom SA, 8.50% due 3/01/2031	5,241,380
Electric Utilities -- 6.3%		
5,000,000	Energy East Corp., 6.75% due 9/15/2033	5,149,900
1,500,000	PPL Capital Funding, 6.70% due 3/30/2067 (b)	1,447,378
6,175,000	Virginia Electric and Power Co. Series A, 6% due 5/15/2037	6,067,574
		12,664,852

Schedule of Investments (continued)
BlackRock Preferred and Corporate Income Strategies Fund, Inc. (in U.S. dollars)

Face Amount	Corporate Bonds	Value
Gas Utilities -- 1.2%		
$2,350,000	Southern Union Co., 7.20% due 11/01/2066 (b)	$ 2,345,800
Insurance -- 21.3%		
	The Allstate Corp. (b):	
3,200,000	6.50% due 5/15/2057	3,102,851
2,625,000	Series B, 6.125% due 5/15/2037	2,566,909
3,100,000	American International Group, Inc., 6.25% due 3/15/2037	2,884,882
4,475,000	Chubb Corp., 6.375% due 3/29/2037 (b)	4,405,105
3,560,000	Everest Reinsurance Holdings, Inc., 6.60% due 5/01/2067 (b)	3,328,824
2,550,000	Liberty Mutual Group, Inc., 7% due 3/15/2037 (b)(f)	2,396,980
1,250,000	Lincoln National Corp., 6.05% due 4/20/2067 (b)	1,198,001
2,450,000	Nationwide Life Global Funding I, 6.75% due 5/15/2037	2,356,799
2,900,000	Progressive Corp., 6.70% due 6/15/2037 (b)	2,845,721
2,120,000	QBE Capital Funding II LP, 6.797% (b)(f)(g)	2,073,356
700,000	Reinsurance Group of America, 6.75% due 12/15/2065 (b)	665,642
2,225,000	Swiss Re Capital I LP, 6.854% (b)(f)(g)	2,244,151
5,750,000	The Travelers Cos., Inc., 6.25% due 3/15/2067 (b)	5,583,635
1,425,000	XL Capital Ltd. Series E, 6.50% (b)(g)	1,323,440
	ZFS Finance (USA) (b)(f):	
1,800,000	Trust II, 6.45% due 12/15/2065	1,731,103
4,355,000	Trust V, 6.50% due 5/09/2037	4,191,265
		42,898,664
Media -- 3.4%		
2,000,000	TCI Communications, Inc., 8.75% due 8/01/2015	2,345,668
4,000,000	Time Warner, Inc., 7.625% due 4/15/2031 (d)	4,450,492
		6,796,160
Multi-Utilities -- 0.2%		
475,000	Puget Sound Energy, Inc. Series A, 6.974% due 6/01/2067 (b)	446,746
Oil, Gas & Consumable Fuels -- 1.0%		
2,150,000	TransCanada PipeLines Ltd., 6.35% due 5/15/2067 (b)	2,080,127
Wireless Telecommunication Services -- 1.3%		
2,205,000	Sprint Capital Corp., 8.75% due 3/15/2032	2,514,273
	Total Corporate Bonds (Cost -- $132,612,099) -- 64.8%	130,306,832

	Government & Agency Obligations	
1,740,000	U.S. Treasury Bond, 4.75% due 2/15/2037	1,739,048
1,630,000	U.S. Treasury Note, 4.75% due 8/15/2017	1,665,911
	Total Government & Agency Obligations (Cost -- $3,411,864) -- 1.7%	3,404,959

Beneficial Interest	Short-Term Securities	
22,956,095	BlackRock Liquidity Series, LLC Cash Sweep Series, 4.96% (c)(e)	22,956,095
	Total Short-Term Securities (Cost -- $22,956,095) -- 11.4%	22,956,095
	Total Investments Before Borrowed Bond Agreements and Borrowed Bonds (Cost -- $335,812,404) -- 163.2%	328,329,717

Face Amount	Borrowed Bond Agreements	
	Lehman Brothers, Inc. (j):	
2,560,950	4.20% due 11/02/2007, T/D 10/09/2007, closing amount $2,567,822	2,560,950
1,356,469	4.20% due 11/09/2007, T/D 10/18/2007, closing amount $1,359,792	1,356,469
	Total Borrowed Bond Agreements (Cost -- $3,917,419) -- 2.0%	3,917,419

	Borrowed Bonds	
(3,845,000)	U.S. Treasury Notes, 4.75% due 8/15/2017 (j)	(3,929,709)
	Total Borrowed Bonds (Proceeds -- $3,913,699) -- (2.0%)	(3,929,709)

Total Investments, Net of Borrowed Bond Agreements and Borrowed Bonds (Cost -- $335,816,124*) -- 163.2%	328,317,427
Other Assets Less Liabilities --4.7%	9,364,017
Preferred Stock, at Redemption Value -- (67.9%)	(136,526,775)
Net Assets Applicable to Common Stock -- 100.0%	$ 201,154,669

Schedule of Investments (concluded)

BlackRock Preferred and Corporate Income Strategies Fund, Inc. (in U.S. dollars)

* The cost and unrealized appreciation (depreciation) of investments, excluding borrowed bond agreements and borrowed bonds, as of October 31, 2007, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 335,806,445
Gross unrealized appreciation	$ 3,121,521
Gross unrealized depreciation	(10,598,249)
Net unrealized depreciation	$ (7,476,728)

(a) Depositary receipts.
(b) Floating rate security.
(c) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Interest Income
BlackRock Liquidity Series, LLC Cash Sweep Series	$1,769,636	$1,415,121

(d) All or a portion of security held as collateral in connection with open financial futures contracts.
(e) Represents the current yield as of October 31, 2007.
(f) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
(g) The security is a perpetual bond and has no stated maturity date.
(h) All or a portion of security held as collateral in connection with open reverse repurchase agreement.

Reverse repurchase agreement outstanding as of October 31, 2007 was as follows:

Counterparty	Interest Rate	Trade Date	Maturity Date	Net Closing Amount	Face Amount
Credit Suisse First Boston LLC	5.25%	9/26/07	To be determined	$593,097	$590,000

(i) Non-income producing security.
(j) See Note 1(h) and 1(i) of Notes to Financial Statements.
o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets. These industry classifications are unaudited.
o Financial futures contracts sold as of October 31, 2007 were as follows:

Number of	Expiration	Face	Unrealized

Contracts	Issue	Date	Value	Depreciation
862	10-Year U.S. Treasury Notes	December 2007	$94,328,736	$(504,733)
322	30-Year U.S. Treasury Notes	December 2007	$36,121,676	(133,512)
Total Unrealized Depreciation				$(638,245)

See Notes to Financial Statements.

Schedule of Investments As of October 31, 2007
BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities

Face Amount	Capital Trusts	Value
Capital Markets -- 1.5%		
$13,535,000	State Street Capital Trust IV, 6.694% due 6/01/2067 (b)	$ 12,222,037
Commercial Banks -- 18.3%		
12,035,000	ABN AMRO North America Holding Preferred Capital Repackaging Trust I, 6.523% (b)(f)(g)	12,375,651
2,811,000	Abbey National Capital Trust I, 8.963% (b)(g)	3,429,991
18,350,000	BB&T Capital Trust IV, 6.82% due 6/12/2077 (b)	17,875,432
2,000,000	Bank One Capital III, 8.75% due 9/01/2030	2,433,010
6,115,000	Barclays Bank Plc, 5.926% (b)(f)(g)	5,788,019
16,455,000	Chase Capital II Series B, 5.411% due 2/01/2027 (b)	14,983,002
3,875,000	Dresdner Funding Trust I, 8.151% due 6/30/2031 (f)	4,239,545
3,630,000	First Empire Capital Trust II, 8.277% due 6/01/2027	3,784,921
2,000,000	HSBC America Capital Trust I, 7.808% due 12/15/2026 (f)	2,078,080
15,835,000	HSBC Capital Funding LP/Jersey Channel Islands, 10.176% (b)(f)(g)	20,823,833
7,300,000	HSBC Finance Capital Trust IX, 5.911% due 11/30/2035 (b)	6,980,428
12,275,000	Hubco Capital Trust II Series B, 7.65% due 6/15/2028	12,766,000
3,850,000	Huntington Capital III, 6.65% due 5/15/2037 (b)	3,612,894
2,000,000	Lloyds TSB Bank Plc, 6.90% (g)	1,955,000
18,470,000	Nationsbank Capital Trust III, 5.793% due 1/15/2027 (b)	17,129,484
9,255,000	RBS Capital Trust B, 6.80% (g)	9,046,763
3,930,000	Royal Bank of Scotland Group PLC, 7.648% (b)(g)	4,195,393
4,175,000	SunTrust Preferred Capital I, 5.853% (b)(g)	4,098,881
		147,596,327

Consumer Finance -- 2.2%		
13,670,000	Capital One Capital III, 7.686% due 8/15/2036	13,249,743
4,630,000	MBNA Capital A, 8.278% due 12/01/2026	4,810,079
		18,059,822
Diversified Financial Services -- 4.1%		
15,000,000	AgFirst Farm Credit Bank, 8.393% due 12/15/2016 (b)	16,221,795
9,000,000	Farm Credit Bank of Texas Series 1, 7.561% (b)(g)	9,728,190
8,375,000	JPMorgan Chase Capital XXIII, 6.558% due 5/15/2077 (b)	7,380,628
		33,330,613
Electric Utilities -- 0.6%		
5,000,000	SWEPCO Capital I, 5.25% due 10/01/2043 (b)	4,999,960
Insurance -- 9.6%		
12,175,000	AON Corp., 8.205% due 1/01/2027	13,223,438
11,300,000	Ace Capital Trust II, 9.70% due 4/01/2030	14,435,976
15,000,000	Farmers Exchange Capital, 7.05% due 7/15/2028 (f)	15,251,175
10,000,000	GE Global Insurance Holding Corp., 7.75% due 6/15/2030	11,510,180
3,000,000	Genworth Financial, Inc., 6.15% due 11/15/2066 (b)	2,799,273
6,066,000	ING Capital Funding Trust III, 8.439% (b)(g)	6,555,071
3,605,000	Oil Casualty Insurance Ltd., 8% due 9/15/2034 (f)	3,585,511
6,325,000	Principal Life Insurance Co., 8% due 3/01/2044 (Surplus Notes) (f)	6,726,467
3,750,000	Zenith National Insurance Capital Trust I, 8.55% due 8/01/2028 (f)	3,693,750
		77,780,841
Multi-Utilities -- 1.3%		
10,000,000	Dominion Resources Capital Trust I, 7.83% due 12/01/2027	10,436,490
Road & Rail -- 0.4%		
3,750,000	BNSF Funding Trust I, 6.613% due 12/15/2055 (b)	3,501,683
Thrifts & Mortgage Finance -- 0.6%		
1,000,000	Astoria Capital Trust I, 9.75% due 11/01/2029 (f)	1,062,500
3,875,000	Webster Capital Trust IV, 7.65% due 6/15/2037 (b)	3,843,690
		4,906,190
	Total Capital Trusts (Cost -- $321,011,283) -- 38.6%	312,833,963

Shares Held	Preferred Stocks	

Capital Markets -- 1.2%		
7,600,000	Ameriprise Financial, Inc., 7.518% due 6/01/2066 (b)	7,767,071
72,200	Deutsche Bank Contingent Capital Trust II, 6.55%	1,732,800
		9,499,871
Commercial Banks --10.7%		
4,000,000	Barclays Bank Plc, 6.278% (b)	3,528,944
4,650	First Tennessee Bank NA, 6.10% (b)(f)	4,462,547
8,000,000	ICICI Bank Ltd., 7.25% (b)(f)	7,428,240
	Provident Financial Group, Inc., 7.75%	4,331,596
16,075,000	Resona Preferred Global Securities Ltd., 7.191% (b)(f)	16,142,644
4,800,000	Royal Bank of Scotland Group Plc, 9.118%	5,134,003
23,000	SG Preferred Capital II, 6.302% (b)	24,078,125
	Santander Finance Preferred SA Unipersonal (f):	
599,000	6.50%	14,076,500
250,000	6.80%	5,859,375
48,000	Sovereign Bancorp, Inc. Series C, 7.30% (a)	1,248,000
		86,289,974
Diversified Financial Services -- 3.9%		
390,000	Bank of America Corp., 6.625%	10,042,500
152,000	Cobank ACB, 7% (f)	7,578,416
15,525,000	JPMorgan Chase Capital XXI Series U, 5.844% due 2/02/2037 (b)	13,773,454
		31,394,370

Schedule of Investments (continued)
BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities (continued)

Shares Held	Preferred Stocks	Value
Electric Utilities -- 1.8%		
	Alabama Power Co.:	
14,000	5.83%	$ 318,500
145,000	6.50%	3,661,250
114,400	Entergy Arkansas, Inc., 6.45%	2,945,800
49,850	Entergy Louisiana LLC, 6.95%	5,180,013
80,000	Interstate Power & Light Co. Series B, 8.375%	2,408,000
		14,513,563
Insurance -- 15.8%		
400,000	ACE Ltd. Series C, 7.80%	10,200,000
25,825,000	AXA SA, 6.379% (b)(f)	23,520,274
194,000	Aspen Insurance Holdings Ltd., 7.401% (b)	4,546,875
	Axis Capital Holdings Ltd.:	

140,000	Series A, 7.25%	3,367,000
36,000	Series B, 7.50% (b)	3,666,377
139,200	Endurance Specialty Holdings Ltd. Series A, 7.75%	3,531,504
6,930,000	Financial Security Assurance Holdings Ltd., 6.40% due 12/15/2066 (b)(f)	6,251,352
7,500,000	Great West Life & Annuity Insurance Co., 7.153% due 5/16/2046 (b)(f)	7,662,187
	MetLife, Inc.:	
15,875,000	6.40% due 12/15/2036	15,038,483
493,000	Series B, 6.50%	12,255,980
5,000,000	Oil Insurance Ltd., 7.558% (b)(f)	5,139,600
5,700,000	PartnerRe Finance II, 6.44% due 12/01/2066 (b)	5,300,327
140,000	Prudential Plc, 6.50%	3,290,000
660,000	RenaissanceRe Holding Ltd. Series D, 6.60%	14,190,000
9,800	Zurich RegCaPS Funding Trust, 6.58% (b)(f)	10,072,563
		128,032,522
Multi-Utilities -- 1.5%		
8,400,000	Dominion Resources, Inc., 7.50% due 6/30/2066 (b)	8,635,687
140,000	Pacific Gas & Electric Co. Series A, 6%	3,584,000
		12,219,687
Oil, Gas & Consumable Fuels -- 0.5%		
4,225,000	Enterprise Products Operating LP, 8.375% due 8/01/2066 (b)	4,397,988
Thrifts & Mortgage Finance -- 3.8%		
264,650	Fannie Mae Series L, 5.125%	10,943,278
	Freddie Mac:	
120,000	Series Q, 5.16% (b)	5,520,000
392,000	Series Y, 6.55%	10,074,400
40	Roslyn Real Estate Asset Corp. Series D, 8.88% (b)	4,021,250
		30,558,928
Wireless Telecommunication Services -- 0.3%		
2,423	Centaur Funding Corp., 9.08% (f)	2,741,019
	Total Preferred Stocks (Cost -- $329,991,491) -- 39.5%	319,647,922

Shares Held	Real Estate Investment Trusts	Value
Real Estate -- 5.4%		
251,400	Alexandria Real Estate Equities, Inc. Series C, 8.375%	6,385,560
100,000	CBL & Associates Properties, Inc. Series C, 7.75%	2,402,000
400,000	Developers Diversified Realty Corp., 8%	10,064,000
2,390	First Industrial Realty Trust, Inc., 6.236% (b)	2,423,609
4,000	Firstar Realty LLC, 8.875% (f)	5,275,000
50,000	HCP, Inc. Series F, 7.10%	1,117,500
172,800	Health Care REIT, Inc. Series F, 7.625%	4,233,600

50,000	Kimco Realty Corp. Series F, 6.65%	1,140,500
40,000	PS Business Parks, Inc. Series K, 7.95%	1,006,000
160,000	Public Storage, Inc. Series I, 7.25%	3,930,000
3,857	Sovereign Real Estate Investment Corp., 12% (f)	5,376,658
	Total Real Estate Investment Trusts (Cost -- $43,495,510) -- 5.4%	43,354,427

Face Amount	Trust Preferreds	
Commercial Banks -- 1.4%		
$ 3,725,000	KeyCorp Capital IX, 6.75%	3,447,114
2,790,000	National City Capital Trust II, 6.625% due 11/15/2066	2,368,034
6,415,000	Wachovia Capital Trust IX, 6.375% due 6/01/2067	5,820,034
		11,635,182
Communications Equipment -- 0.2%		
2,000,000	Corporate-Backed Trust Certificates, 8.375% due 11/15/2028	2,005,802
Consumer Finance -- 2.0%		
16,702,000	Capital One Capital II, 7.50% due 6/15/2066	15,798,561
Diversified Financial Services -- 0.8%		
7,547,500	Citigroup Capital XVII, 6.35% due 3/15/2067	6,848,705
Electric Utilities -- 1.3%		
1,250,000	Georgia Power Co. Series O, 1.475% due 4/15/2033	1,166,093
1,250,000	HECO Capital Trust III, 6.50% due 3/18/2034	1,182,462
1,250,000	National Rural Utilities Cooperative Finance Corp., 6.75% due 2/15/2043	1,200,616
5,835,000	PPL Energy Supply LLC, 7% due 7/15/2046	5,852,297
950,000	Virginia Power Capital Trust II, 1.844% due 7/30/2042	949,998
		10,351,466
Gas Utilities -- 0.7%		
5,750,000	Southwest Gas Capital II, 7.70% due 9/15/2043	5,733,971
Insurance -- 2.6%		
11,000,000	ABN AMRO North America Capital Funding Trust II, 5.749% (b)(f)(g)	9,228,382
7,375,000	Berkley W.R. Capital Trust II, 6.75% due 7/26/2045	6,883,083
5,000,000	Lincoln National Capital VI Series F, 6.75% due 9/11/2052	4,820,818
		20,932,283

Schedule of Investments (continued)
BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities (concluded)

Face Amount	Trust Preferreds	Value
Media -- 2.7%		
$23,375,000	Comcast Corp., 6.625% due 5/15/2056	$ 21,779,259
Multi-Utilities -- 0.1%		
397,425	PSEG Funding Trust II, 8.75% due 12/31/2032	397,414
Thrifts & Mortgage Finance -- 0.7%		
6,000,000	Dime Community Capital I, 7% due 4/14/2034	5,640,000
	Total Trust Preferreds (Cost -- $108,131,669) -- 12.5%	101,122,643
	Total Preferred Securities (Cost -- $802,629,953) -- 96.0%	776,958,955

	Corporate Bonds	
Automobiles -- 1.7%		
11,000,000	DaimlerChrysler NA Holding Corp., 8.50% due 1/18/2031	13,976,611
Building Products -- 0.5%		
3,915,000	C8 Capital SPV Ltd., 6.64% (b)(f)(g)	3,817,008
Capital Markets -- 4.1%		
	The Bear Stearns Cos., Inc.:	
4,000,000	6.95% due 8/10/2012	4,162,768
3,750,000	6.40% due 10/02/2017	3,737,835
9,045,000	Credit Suisse Guernsey Ltd., 5.86% (b)(g)	8,425,969
2,445,000	Goldman Sachs Capital II, 5.793% (b)(g)	2,280,234
6,400,000	Lehman Brothers Holdings Capital Trust V, 6.371% (b)(g)	5,875,078
	Lehman Brothers Holdings, Inc.:	
1,310,000	7.394% due 9/15/2022 (b)	1,311,114
7,800,000	6.875% due 7/17/2037	7,728,630
		33,521,628
Commercial Banks -- 17.2%		
28,025,000	BNP Paribas, 7.195% (b)(d)(f)(g)	27,875,010
8,065,000	Bank of Ireland Capital Funding II, LP, 5.571% (b)(f)(g)	7,414,154
8,575,000	Bank of Ireland Capital Funding III, LP, 6.107% (b)(f)(g)	7,889,557
5,250,000	Barclays Bank Plc, 7.434% (b)(f)(g)	5,565,215
32,375,000	Credit Agricole SA, 6.637% (b)(f)(g)	30,768,293
5,000,000	HBOS Plc, 6.657% (b)(f)(g)	4,443,250
5,575,000	Royal Bank of Scotland Group Plc, 6.99% (b)(f)(g)	5,672,563
7,500,000	Royal Bank of Scotland Plc Series MTN,	

	7.64% (b)(g)	7,773,840
21,250,000	Societe Generale, 5.922% (b)(f)(g)	20,223,413
13,550,000	Standard Chartered Bank, 7.014% (b)(f)(g)	13,558,537
8,500,000	Woori Bank, 6.208% due 5/02/2067 (b)(f)	7,923,530
		139,107,362
Diversified Financial Services -- 3.9%		
3,725,000	CIT Group, Inc., 5.734% due 11/23/2007 (b)	3,718,861
4,405,000	HVB Funding Trust I, 8.741% due 6/30/2031 (f)	5,109,870
23,000,000	JPMorgan Chase Capital XXV, 6.80% due 10/01/2037	22,974,631
		31,803,362
Diversified Telecommunication Services -- 4.1%		
25,500,000	France Telecom SA, 8.50% due 3/01/2031	33,413,798
Electric Utilities -- 4.1%		
16,575,000	Duke Energy Field Services LLC, 8.125% due 8/16/2030	19,402,960
5,925,000	PPL Capital Funding, 6.70% due 3/30/2067 (b)	5,717,145
7,825,000	Virginia Electric and Power Co. Series A, 6% due 5/15/2037	7,688,868
		32,808,973
Gas Utilities -- 1.8%		
14,400,000	Southern Union Co., 7.20% due 11/01/2066	14,374,267
Insurance -- 20.4%		
	The Allstate Corp. (b):	
12,775,000	6.50% due 5/15/2057	12,387,164
10,450,000	Series B, 6.125% due 5/15/2037	10,218,741
12,395,000	American International Group, Inc., 6.25% due 3/15/2037	11,534,874
17,700,000	Chubb Corp., 6.375% due 3/29/2067 (b)	17,423,544
14,280,000	Everest Reinsurance Holdings, Inc., 6.60% due 5/01/2067 (b)	13,352,700
10,150,000	Liberty Mutual Group, Inc., 7% due 3/15/2037 (b)(f)	9,540,919
5,025,000	Lincoln National Corp., 6.05% due 4/20/2067 (b)	4,815,965
9,675,000	Nationwide Life Global Funding I, 6.75% due 5/15/2037	9,306,953
11,650,000	Progressive Corp., 6.70% due 6/15/2037 (b)	11,431,947
8,525,000	QBE Capital Funding II LP, 6.797% (b)(f)(g)	8,337,433
3,000,000	Reinsurance Group of America, 6.75% due 12/15/2065 (b)	2,852,751
585,495	START 2004-1, 5.417% due 4/21/2011	584,031
8,875,000	Swiss Re Capital I LP, 6.854% (b)(f)(g)	8,951,387
22,850,000	The Travelers Cos., Inc., 6.25% due 3/15/2067 (b)	22,188,881
5,725,000	XL Capital Ltd. Series E, 6.50% (b)(g)	5,316,979
17,110,000	ZFS Finance (USA) Trust V, 6.50% due 5/09/2037 (b)(f)	16,466,715
		164,710,984
Media -- 0.8%		
	Time Warner, Inc.:	
1,000,000	7.625% due 4/15/2031	1,112,623

5,000,000	7.70% due 5/01/2032	5,618,520
		6,731,143
Multi-Utilities -- 0.2%		
1,825,000	Puget Sound Energy, Inc. Series A, 6.974% due 6/01/2067 (b)	1,716,445
Oil, Gas & Consumable Fuels -- 1.0%		
8,300,000	TransCanada PipeLines Ltd., 6.35% due 5/15/2067 (b)	8,030,258
	Total Corporate Bonds (Cost -- $491,447,202) -- 59.8%	484,011,839

Schedule of Investments (concluded)

BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

Face Amount	Government & Agency Obligations	Value
$ 2,965,000	U.S. Treasury Bond, 4.75% due 2/15/2037	$ 2,963,369
6,685,000	U.S. Treasury Note, 4.75% due 8/15/2017	6,832,243
	Total Government & Agency Obligations (Cost -- $9,875,646) -- 1.2%	9,795,612

	Short-Term Securities	
1,000,000	Fannie Mae, 4.90% due 11/05/2007	999,477
1,000,000	U.S. Treasury Bills, 3.90% due 11/23/2007	997,696

Beneficial Interest		
$54,265,247	BlackRock Liquidity Series, LLC Cash Sweep Series, 4.96% (c)(e)	54,265,247
	Total Short-Term Securities (Cost -- $56,262,420) -- 7.0%	56,262,420
	Total Investments Before Borrowed Bond Agreements and Borrowed Bonds (Cost -- $1,360,215,221) -- 164.0%	1,327,028,826

Face Amount	Borrowed Bond Agreements	Value
	Lehman Brothers, Inc. (h):	
10,545,500	4.20% due 11/02/2007, T/D 10/09/2007, closing amount $10,574,119	10,545,500

5,451,469	4.20% due 11/08/2007, T/D 10/18/2007, closing amount $5,463,921	5,451,469
14,616,387	4.49% due 11/08/2007, T/D 10/24/2007, closing amount $14,643,387	14,616,387
	Total Borrowed Bond Agreements (Cost -- $30,613,356) -- 3.8%	30,613,356
	Borrowed Bonds	
(14,365,000)	U.S. Treasury Bond, 4.75% due 2/15/2037 (h)	(14,357,099)
(15,825,000)	U.S. Treasury Note, 4.75% due 8/15/2017 (h)	(16,173,641)
	Total Borrowed Bonds (Proceeds -- $30,027,326) -- (3.8%)	(30,530,740)
Total Investments, Net of Borrowed Bond Agreements and Borrowed Bonds (Cost -- $1,360,801,251*) -- 164.0%		1,327,111,442
Other Assets Less Liabilities --4.0%		32,871,770
Preferred Stock, at Redemption Value -- (68.0%)		(550,571,848)
Net Assets Applicable to Common Stock -- 100.0%		$ 809,411,364

* The cost and unrealized appreciation (depreciation) of investments, excluding borrowed bond agreements and borrowed bonds, as of October 31, 2007, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 1,358,026,204
Gross unrealized appreciation	$ 12,040,593
Gross unrealized depreciation	(43,037,971)
Net unrealized depreciation	$ (30,997,378)

(a) Depositary receipts.

(b) Floating rate security.

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

Affiliate	Net Activity	Interest Income
BlackRock Liquidity Series, LLC Cash Sweep Series	$33,723,746	$3,641,677

(d) All or a portion of security held as collateral in connection with open financial futures contracts.

(e) Represents the current yield as of October 31, 2007.

(f) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.

(g) The security is a perpetual bond and has no stated maturity date.

(h) See Note 1(h) and 1(i) of Notes to Financial Statements.

o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets. These industry classifications are unaudited.

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

Number of Contracts	Issue	Expiration Date	Face Amount	Unrealized Depreciation
3,499	10-Year U.S. Treasury Notes	December 2007	$382,812,807	$(2,131,865)
1,392	30-Year U.S. Treasury Bonds	December 2007	$156,177,826	(552,674)
Total Unrealized Depreciation				$(2,684,539)

o Swaps outstanding as of October 31, 2007 were as follows:

	Notional Amount	Unrealized Appreciation
Sold credit default protection on Dow Jones CDX North America Investment Grade Index Series 8 and receive .35%		
Broker, Lehman Brothers Special Finance Expires June 2012	$10,000,000	$27,133
Bought credit default protection on Dow Jones CDX North America Investment Grade Index Series 8 and pay .35%		
Broker, Morgan Stanley Capital Services Inc. Expires June 2012	$10,000,000	25,994
Total		$53,127

See Notes to Financial Statements.

Statements of Net Assets

As of October 31, 2007

Assets

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Investments in unaffiliated securities, at value* ..........................
Investments in affiliated securities, at value** ...........................
Cash .......................................................................
Unrealized appreciation on swaps ...........................................
Interest receivable ........................................................
Receivable for securities sold .............................................
Dividends receivable .......................................................
Receivable for swaps .......................................................
Variation margin ...........................................................
Swap premiums paid .........................................................
Prepaid expenses and other assets ..........................................

Total assets ...............................................................

============================================================================
Liabilities
----------------------------------------------------------------------------
Reverse repurchase agreements ..............................................
Borrowed bonds, at market value*** .........................................
Payable for securities purchased ...........................................
Payable to investment adviser ..............................................
Dividends payable to Common Stock shareholders .............................
Payable for swaps ..........................................................
Interest expense payable
Swap premiums received .....................................................
Payable for other affiliates ...............................................
Accrued expenses and other liabilities .....................................

Total liabilities ..........................................................

============================================================================
Preferred Stock
----------------------------------------------------------------------------
Preferred Stock, at redemption value, par value $.10 per share+ of AMPS@ at
  $25,000 per share liquidation preference .................................

============================================================================
Net Assets Applicable to Common Stock
----------------------------------------------------------------------------
Net assets applicable to Common Stock ......................................
```


Statements of Net Assets (concluded)

```
As of October 31, 2007
============================================================================
Analysis of Net Assets Applicable to Common Stock
----------------------------------------------------------------------------

Undistributed investment income -- net .....................................
Accumulated realized capital losses -- net .................................
```

Unrealized depreciation -- net ....

Total accumulated losses -- net ....

Common Stock, par value $.10 per share++ ....
Paid-in capital in excess of par ....

Net Assets ....

Net asset value per share of Common Stock ....

Market price ....

* Identified cost on unaffiliated securities ....

** Identified cost on affiliated securities ....

*** Proceeds from borrowed bonds ....

\+ Preferred Stock authorized, issued and outstanding:

Series M7 Shares ....

Series T7 Shares ....

Series W7 Shares ....

Series TH7 Shares ....

Series F7 Shares ....

Series W28 Shares ....

Series TH28 Shares ....

++ Common Stock issued and outstanding ....

@ Auction Market Preferred Stock.

See Notes to Financial Statements.

Statements of Operations

For the Year Ended October 31, 2007

Investment Income

Interest* ....
Dividends ....

Total income ....

==
Expenses

Investment advisory fees ....
Interest expense ....
Commission fees ....
Accounting services ....
Transfer agent fees ....
Professional fees ....
Directors' fees and expenses ....
Printing and shareholder reports ....
Custodian fees ....
Listing fees ....
Pricing fees ....
Other ....

Total expenses ....

Investment income -- net ....

==
Realized & Unrealized Gain (Loss) -- Net

Realized gain (loss) on:

Investments -- net ....

Financial futures contracts and swaps -- net ....

Borrowed bonds -- net ....

Total realized loss -- net ....

Change in unrealized appreciation/depreciation on:

Investments -- net ....

Financial futures contracts and swaps -- net ....

Borrowed bonds -- net ....

Total change in unrealized appreciation/depreciation -- net ....

Total realized and unrealized loss -- net ....

==
Dividends to Preferred Stock Shareholders

Investment income -- net ....

Net Decrease in Net Assets Resulting from Operations ....

* Interest from affiliates ....

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock Preferred and Corporate Income Strategies Fund, Inc.

```
Increase (Decrease) in Net Assets:
==========================================================================================
Operations
------------------------------------------------------------------------------------------

Investment income -- net ..................................................................
Realized loss -- net ......................................................................
Change in unrealized appreciation/depreciation -- net .....................................
Dividends to Preferred Stock shareholders .................................................

Net increase (decrease) in net assets resulting from operations ...........................

==========================================================================================
Dividends and Distributions to Common Stock Shareholders
------------------------------------------------------------------------------------------
Investment income -- net ..................................................................
Tax return of capital .....................................................................

Net decrease in net assets resulting from dividends and distributions
  to Common Stock shareholders ............................................................

==========================================================================================
Common Stock Transactions
------------------------------------------------------------------------------------------
Value of shares issued to Common Stock shareholders in reinvestment of dividends ..........

==========================================================================================
Net Assets Applicable to Common Stock
------------------------------------------------------------------------------------------
Total decrease in net assets applicable to Common Stock ...................................
Beginning of year .........................................................................

End of year* ..............................................................................

  * Undistributed (accumulated distributions in excess of) investment income -- net .......


      See Notes to Financial Statements.
```


Statements of Changes in Net Assets
BlackRock Preferred Income Strategies Fund, Inc.

```
Increase (Decrease) in Net Assets:
==========================================================================================
Operations
------------------------------------------------------------------------------------------

Investment income -- net ..................................................................
```

Realized loss -- net ....
Change in unrealized appreciation/depreciation -- net ....
Dividends to Preferred Stock shareholders ....

Net increase (decrease) in net assets resulting from operations ....

Dividends and Distributions to Common Stock Shareholders

Investment income -- net ....
Tax return of capital ....

Net decrease in net assets resulting from dividends and distributions
to Common Stock shareholders ....

Common Stock Transactions

Value of shares issued to Common Stock shareholders in reinvestment of dividends ....

Net Assets Applicable to Common Stock

Total increase (decrease) in net assets applicable to Common Stock ....

Beginning of year ....
End of year* ....

* Undistributed (accumulated distributions in excess of) investment income -- net ....

See Notes to Financial Statements.

Financial Highlights

BlackRock Preferred and Corporate Income Strategies Fund, Inc.

The following per share data and ratios have been derived from information provided in the financial statements.	For the Year En October 31, 2007	2006	200
Per Share Operating Performance			
Net asset value, beginning of period	$ 22.25	$ 22.36	$ 23
Investment income -- net	2.01@@	2.14@@	2
Realized and unrealized gain (loss) -- net	(2.41)	.07	(1
Dividends to Preferred Stock shareholders from investment income -- net	(.71)	(.63)	(
Total from investment operations	(1.11)	1.58	
Less dividends and distributions to Common Stock shareholders:			
Investment income -- net	(1.18)	(1.69)	(2

Tax return of capital	(.42)	--	
Total dividends and distributions to Common Stock shareholders	(1.60)	(1.69)	(2
Offering costs resulting from the issuance of Common Stock	--	--	
Offering and underwriting costs resulting from the issuance of Preferred Stock	--	--	
Net asset value, end of period	$ 19.54	$ 22.25	$ 22
Market price per share, end of period	$ 17.29	$ 21.26	$ 21
Total Investment Return**			
Based on net asset value per share	(5.03%)	7.97%	3
Based on market price per share	(12.05%)	9.69%	
Ratios Based on Average Net Assets of Common Stock			
Total expenses, net of waiver and excluding interest expense***	1.29%	1.29%	1
Total expenses, net of waiver***	1.32%	1.29%	1
Total expenses***	1.32%	1.29%	1
Total investment income -- net***	9.38%	9.70%	9
Amount of dividends to Preferred Stock shareholders	3.29%	2.84%	1
Investment income to Common Stock shareholders -- net	6.09%	6.86%	7
Supplemental Data			
Net assets applicable to Common Stock, end of period (in thousands)	$201,155	$228,734	$229,
Preferred Stock outstanding at liquidation preference, end of period (in thousands)	$136,500	$136,500	$136,
Portfolio turnover	88%	19%	
Leverage			
Asset coverage per $1,000	$ 2,474	$ 2,676	$ 2,

* Annualized.

** Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially dif ferent returns. Total investment returns exclude the effects of sales charges.

*** Do not reflect the effect of dividends to Preferred Stock shareholders.

\+ Commencement of operations.

@ Aggregate total investment return.

@@ Based on average shares outstanding.

See Notes to Financial Statements.

Financial Highlights (concluded)

BlackRock Preferred Income Strategies Fund, Inc.

The following per share data and ratios have been derived from information provided in the financial statements.	For the Year En October 31, 2007	2006	200
Per Share Operating Performance			
Net asset value, beginning of period	$ 22.36	$ 22.26	$ 23
Investment income -- net	2.02@@	2.03@@	2
Realized and unrealized gain (loss) -- net	(2.35)	.32	(
Dividends and distributions to Preferred Stock shareholders:			
Investment income -- net	(.73)	(.65)	(
Realized gain -- net	--	--	
Total from investment operations	(1.06)	1.70	
Less dividends and distributions to Common Stock shareholders:			
Investment income -- net	(1.16)	(1.51)	(2
Realized gain -- net	--	--	
Tax return of capital	(.21)	(.09)	
Total dividends and distributions to Common Stock shareholders	(1.37)	(1.60)	(2
Offering costs resulting from the issuance of Common Stock	--	--	
Offering and underwriting costs resulting from the issuance of Preferred Stock	--	--	
Net asset value, end of period	$ 19.93	$ 22.36	$ 22
Market price per share, end of period	$ 16.94	$ 20.12	$ 21
Total Investment Return**			
Based on net asset value per share	(4.35%)	8.77%	3
Based on market price per share	(9.65%)	2.77%	1
Ratios Based on Average Net Assets of Common Stock			
Total expenses, net of waiver and excluding interest expense***	1.23%	1.23%	1
Total expenses, net of waiver ***	1.27%	1.23%	1
Total expenses***	1.27%	1.23%	1

```
Total investment income -- net*** ...........................      9.29%        9.26%        8
                                                                ================================
```

Amount of Level 2

Level 3

Total

Assets:

Money market and demand accounts (a)

$
180,113

$

$

$
180,113

Commercial paper (b)

15,223

179,816

195,039

U.S. government agencies

22,107

105,767

127,874

Corporate bonds

11,048

13,367

24,415

$
228,491

$
298,950

$

$
527,441

(a) Included within cash and cash equivalents

(b) Includes $20.0 million of commercial paper that is included within cash and cash equivalents.

	Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market and demand accounts (a)	$ 181,465	$	$	$ 181,448
Commercial paper (b)	15,541	159,853		175,411
U.S. government agencies (b)	24,339	137,729		162,068
Corporate bonds	8,992	13,750		22,742
	$ 230,337	$ 311,332	$	$ 541,669

(a) Included within cash and cash equivalents

(b) Includes $12.0 million and $22.0 million of commercial paper and U.S. government securities, respectively, that is included within cash and cash equivalents.

8. <u>SUBSEQUENT EVENTS:</u>

Senior Convertible Note, Note Hedge and Warrant Transactions

On April 4, 2011, InterDigital issued $230.0 million in aggregate principal amount of its 2.50% Senior Convertible Notes due 2016 (the Notes) pursuant to an indenture (the Indenture), dated as of April 4, 2011, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the Trustee). The Notes bear interest at a rate of 2.50% per year, payable in cash on March 15 and September 15 of each year, commencing September 15, 2011. The Notes will mature on March 15, 2016, unless earlier converted or repurchased. The Notes are the Company s senior unsecured obligations and rank equally in right of payment with any of the Company s future senior unsecured indebtedness, and the Notes are structurally subordinated to the Company s future secured indebtedness to the extent of the value of the related collateral and to the indebtedness and other liabilities, including trade payables, of the Company s subsidiaries, except with respect to any subsidiaries that become guarantors pursuant to the terms of the Indenture.

The Notes will be convertible into cash and, if applicable, shares of the Company s common stock at an initial conversion rate of 17.3458 shares of common stock per $1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately $57.65 per share). The conversion rate, and thus the conversion price, may be adjusted under certain circumstances, including in connection with conversions made following certain fundamental changes and under other circumstances as set forth in the Indenture.

Prior to 5:00 p.m., New York City time, on the business day immediately preceding December 15, 2015, the Notes will be convertible only under certain circumstances as set forth in the Indenture. Commencing on December 15, 2015, the Notes will be convertible in multiples of $1,000 principal amount, at any time prior to 5:00 p.m., New York City time, on the business day immediately preceding the maturity date of the Notes. Upon any conversion, the conversion obligation will be settled in cash up to, and including, the principal amount and, to the extent of any excess over the principal amount, in shares of common stock.

If a fundamental change (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their Notes for cash at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Company may not redeem the Notes prior to their maturity date.

On March 29 and March 30, 2011, in connection with the offering of the Notes, InterDigital entered into convertible note hedge transactions with respect to its common stock with a counterparty. The two convertible note hedge transactions cover, subject to customary anti-dilution adjustments, approximately 3.5 million and approximately 0.5 million shares of common stock, respectively, at a strike price that corresponds to the initial conversion price of the Notes, also subject to adjustment, and are exercisable upon conversion of the Notes.

The Company paid on April 4, 2011 $37.1 million and $5.6 million for the convertible note hedge transactions entered into on March 29 and March 30, 2011, respectively. The aggregate cost of the convertible note hedge transactions was $42.7 million. As described in more detail below, this cost was partially offset by the proceeds from the sale of the warrants in separate transactions.

The convertible note hedge transactions are intended generally to reduce the potential dilution to the common stock upon conversion of the Notes in the event that the market price per share of the common stock is greater than the strike price.

The convertible note hedge transactions are separate transactions and are not part of the terms of the Notes. Holders of the Notes have no rights with respect to the convertible note hedge transactions.

On March 29 and March 30, 2011, InterDigital also entered into privately-negotiated warrant transactions with a counterparty, whereby InterDigital sold warrants to acquire, subject to customary anti-dilution adjustments, approximately 3.5 million shares and approximately 0.5 million shares, respectively, of common stock at a strike price of $66.3528 per share, also subject to adjustment. The warrants become exercisable in tranches starting in June 2016. As consideration for the warrants issued on March 29 and March 30, 2011, the Company received, on April 4, 2011, $27.6 million and $4.1 million, respectively.

If the market value per share of the common stock, as measured under the warrants, exceeds the strike price of the warrants at the time the warrants are exercisable, the warrants will have a dilutive effect on the Company s earnings per share.

Accounting Treatment of the Senior Convertible Note, Convertible Note Hedge and Warrant Transactions

The offering of the Notes on March 29, 2011 was for $200.0 million and included an overallotment option that allowed the initial purchaser to purchase up to an additional $30.0 million aggregate principal amount of Notes. The initial purchaser exercised its overallotment option on March 30, 2011, bringing the total amount of Notes issued on April 4, 2011 to $230.0 million.

In connection with the offering of the Notes, as discussed above, InterDigital entered into convertible note hedge transactions with respect to its common stock. The $42.7 million cost of the convertible note hedge transactions was partially offset by the proceeds from the sale of the warrants described above, resulting in a net cost of $10.9 million.

Existing accounting guidance provides that the March 29, 2011 convertible note hedge and warrant contracts be treated as derivative instruments for the period during which the initial purchaser s overallotment option was outstanding. Once the overallotment provision was exercised on March 30, 2011, the March 29 convertible note hedge and warrant contracts were reclassified to equity, as the settlement terms of the Company s note hedge and warrant contracts both provide for net share settlement. There was no material net change in the value of these convertible note hedges and warrants during the one day they were classified as derivatives and the equity components of these instruments will not be adjusted for subsequent changes in fair value.

Under current accounting guidance, the Company will bifurcate the proceeds from the offering of the Notes between the liability and equity components of the debt. The Company expects the liability and equity components to be $187.0 million and $43.0 million, respectively. The $187.0 million liability component was determined based on the fair value of similar debt instruments excluding the conversion feature. The $43.0 million ($28.0 million net of tax) equity component represents the difference between the fair value of the $187.0 million in debt and the $230.0 million of gross proceeds. The related debt discount of $43.0 million is expected to be amortized using the effective interest method over the expected life of the Notes. An effective interest rate of 7% was used to calculate the debt discount on the Notes.

In connection with the above-noted transactions, the Company incurred an estimated $7.9 million of directly related costs. The initial purchaser s transaction fees and related offering expenses will be allocated to the liability and equity components of the debt in proportion to the allocation of proceeds and accounted for as debt issuance costs.

The $6.4 million of debt issuance costs allocated to the liability component of the debt will be capitalized as deferred financing costs in second quarter 2011 and amortized to interest expense over the expected term of the debt using the effective interest method. The $1.5 million of costs allocated to the equity component of the debt will be recorded in second quarter 2011 as a reduction of the equity component of the debt.

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Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

The following discussion should be read in conjunction with the unaudited, condensed consolidated financial statements and notes thereto contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, in addition to our 2010 Form 10-K/A, other reports filed with the SEC and the *Statement Pursuant to the Private Securities Litigation Reform Act of 1995 Forward-Looking Statements* below. Please refer to the *Glossary of Terms* in our 2010 Form 10-K/A for a list and detailed descriptions of the various technical, industry and other defined terms that are used in this Quarterly Report on Form 10-Q.

Patent Licensing

Patent licensing revenue decreased approximately $8.2 million from fourth quarter 2010 to first quarter 2011. This sequential decrease was driven by the absence of $14.4 million in quarterly revenue from LG Electronics, Inc. (LG) in connection with the December 31, 2010 expiration of their 3G license. This decrease was partly offset by a $3.9 million sequential increase in per-unit royalty revenue and a total of $2.3 million of past sales recognized in first quarter 2011 from the resolution of a routine audit with an existing customer and the new patent license agreement signed with Acer, Inc.

Technology Solutions

Technology solutions revenue in first quarter 2011 of $1.5 million decreased $8.6 million from fourth quarter 2010. The decrease was primarily driven by the fourth quarter 2010 recognition of $8.2 million associated with the final deliveries of technologies under existing engineering services agreements.

Intellectual Property Enforcement

Please see Note 4, Litigation and Legal Proceedings, in the* Notes to Condensed Consolidated Financial Statements *included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a full discussion of the following matter and other matters:

On November 30, 2009, we filed with the United States Court of Appeals for the Federal Circuit a petition for review of certain rulings by the USITC in connection with the USITC investigation initiated by us against Nokia in 2007. In the appeal, neither the construction of the term synchronize nor the issue of validity can be raised because the USITC took no position on these issues in its determination. On December 17, 2009, Nokia filed a motion to intervene in the appeal, which was granted by the Court on January 4, 2010. InterDigital s opening brief was filed on April 12, 2010. In its appeal, InterDigital seeks reversal of the USITC s claim constructions and non-infringement findings with respect to certain claim terms in U.S. Patent Nos. 7,190,966 and 7,286,847, vacatur of the USITC s determination of no Section 337 violation, and a remand for further proceedings before the USITC. InterDigital is not appealing the USITC s determination of non-infringement with respect to U.S. Patent Nos. 6,973,579 and 7,117,004. Nokia and the USITC filed their briefs on July 13, 2010. In their briefs, Nokia and the USITC argue that the USITC correctly construed the claim terms asserted by InterDigital in its appeal and that the USITC properly determined that Nokia did not infringe the patents on appeal. Nokia also argues that the USITC s finding of non-infringement should be affirmed based on an additional claim term. Nokia further argues that the USITC erred in finding that InterDigital could satisfy the domestic industry requirement based solely on its patent licensing activities and without proving that an article in the United States practices the claimed inventions, and that the USITC s finding of no Section 337 violation should be affirmed on that additional basis. InterDigital filed its reply brief on August 30, 2010. The Court heard oral argument in the appeal on January 13, 2011. The Court has not yet issued a decision in this appeal.

Comparability of Financial Results

When comparing first quarter 2011 financial results against other periods, the following items should be taken into consideration:

Our first quarter 2011 revenue includes $2.3 million of past sales, primarily related to the resolution of a routine audit of an existing customer and the signing of a new patent license agreement.

Our first quarter 2011 other expense includes a $1.3 million charge related to impairments on our investments in other entities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 of the *Notes to Consolidated Financial Statements* included in our 2010 Form 10-K/A. A discussion of our critical accounting policies, and the estimates related to them, are included in *Management s Discussion and Analysis of Financial Condition and Results of Operations* in our 2010 Form 10-K/A. There have been no material changes in our existing critical accounting policies from the disclosures included in our 2010 Form 10-K/A. Refer to Note 1, Basis of Presentation, in the *Notes to Condensed Consolidated Financial Statements* included in Part I, Item 1 of this Quarterly Report on Form 10-Q for updates related to new accounting pronouncements.

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FINANCIAL POSITION, LIQUIDITY AND CAPITAL REQUIREMENTS

Our primary sources of liquidity are cash, cash equivalents and short-term investments, as well as cash generated from operations. We have the ability to obtain additional liquidity through debt and equity financings. Based on our past performance and current expectations, we believe our available sources of funds, including cash, cash equivalents and short-term investments and cash generated from our operations, will be sufficient to finance our operations, capital requirements, existing stock repurchase program and dividend program in the next twelve months.

On April 4, 2011, we completed an offering of $230.0 million in aggregate principal amount of 2.50% Senior Convertible Notes due 2016 (the Notes). The net proceeds from the offering were approximately $222.1 million, after deducting the initial purchaser s discount and estimated offering expenses. A portion of the net proceeds of the offering were used to fund the cost of the convertible note hedge transactions entered into in connection with the offering of the Notes. We expect to use the remaining net proceeds from the offering for general corporate purposes, which may include, among other things: acquisitions of intellectual property-related assets or businesses or securities in such businesses; capital expenditures; and working capital. Giving effect to the offering of the Notes, we would have had $230.4 million in outstanding indebtedness as of March 31, 2011.

Cash, cash equivalents and short-term investments

At March 31, 2011 and December 31, 2010, we had the following amounts of cash, cash equivalents and short-term investments (in thousands):

	March 31, 2011	December 31, 2010	(Decrease) / Increase
Cash and cash equivalents	$ 200,117	$ 215,451	$ (15,334)
Short-term investments	327,324	326,218	1,106
Total Cash, cash equivalents and short-term investments	$ 527,441	$ 541,669	$ (14,228)

Our cash, cash equivalents and short-term investments decreased $14.2 million during first quarter 2011. The decrease was primarily due to payments against our short-term and long-term cash incentive obligations and cash dividend payments made during first quarter 2011.

Cash (used in) provided by operations

We used or generated the following cash flows from our operating activities in first quarter 2011 and 2010 (in thousands):

	For the Three Months Ended March 31, 2011	2010	(Decrease) / Increase
Cash (used in) provided by operating activities	$ (5,207)	$ 72,702	$ (77,909)

Cash used in operating activities during first quarter 2011 was primarily due to cash operating expenses (operating expenses less depreciation of fixed assets, amortization of intangible assets, non-cash compensation, and impairments of long-term investments) of $32.3 million, short-term and long-term incentive compensation payments of $20.1 million and foreign source withholding tax payments of $3.0 million. These uses of cash were partially offset by receipts of approximately $45.2 million related to patent license and technology solutions agreements. We received $11.0 million of fixed fee payments and $25.2 million of per-unit royalty payments, including past sales and prepayments, from existing customers and a new customer. Cash receipts from our technology solutions agreements totaled $9.0 million, primarily related to royalties and other license fees associated with our SlimChip modem core. Additionally, $5.2 million of other working capital changes partially offset cash used in operating activities during first quarter 2011.

The positive operating cash flow in first quarter 2010 arose principally from receipts of approximately $127.8 million related to patent license and technology solutions agreements. These receipts included the third of four $100.0 million installments from Samsung under our January 2009 license agreement. We also received per-unit royalty payments and prepayments of $23.4 million from other existing licensees, other fixed-fee payments of $0.7 million, and cash receipts from our technology solutions agreements totaling $3.7 million, primarily related to royalties associated with our SlimChip modem core. These receipts were partially offset by cash operating expenses (operating expenses less depreciation of fixed assets, amortization of intangible assets, non-cash repositioning charges, and non-cash compensation) of $34.6 million, cash payments for foreign source withholding taxes of $16.5 million related to Samsung cash receipts, and $4.0 million in other working capital changes during first quarter 2010.

Working capital

We believe that working capital, adjusted to exclude cash, cash equivalents, short-term investments, current maturities of debt, and current deferred revenue, provides additional information about non-cash assets and liabilities that might affect our near-term liquidity. Our adjusted working capital, a non-GAAP financial measure, reconciles to working capital, the most directly comparable GAAP financial measure, at March 31, 2011 and December 31, 2010 (in thousands) as follows:

	March 31, 2011	December 31, 2010	Increase / (Decrease)
Current assets	$ 611,493	$ 619,556	$ (8,063)
Current liabilities	(160,236)	(178,560)	18,324
Working capital	451,257	440,996	10,261
(Subtract) Add			
Cash and cash equivalents	(200,117)	(215,451)	15,334
Short-term investments	(327,324)	(326,218)	(1,106)
Current portion of long-term debt	318	288	30
Current deferred revenue	132,923	134,804	(1,881)
Adjusted working capital	$ 57,057	$ 34,419	$ 22,638

The $22.6 million increase in adjusted working capital is primarily attributable to the decrease in accrued compensation associated with first quarter 2011 payments against our short-term and long-term cash incentive obligations. Additionally, the expected utilization of our deferred tax assets resulted in an increase to our short-term deferred tax assets and contributed to the increase in adjusted working capital.

Cash used in or provided by investing and financing activities

We used net cash in investing activities of $8.7 million and $76.4 million in first quarter 2011 and 2010, respectively. We purchased $1.1 million and $69.1 million of short-term marketable securities, net of sales, in first quarter 2011 and 2010, respectively. This decrease in net purchases was due to the lower level of cash receipts discussed above. Purchases of property and equipment increased to $0.9 million in first quarter 2011 from $0.4 million in first quarter 2010 due to the higher levels of development tools and engineering equipment needed in first quarter 2011. Investment costs associated with patents decreased to $6.7 million in the first quarter 2011 from $6.9 million for first quarter 2010.

Net cash (used in) provided by financing activities decreased by $8.6 million primarily due to our dividend payment in first quarter 2011, which did not occur in first quarter 2010, and lower levels of proceeds from stock option exercises.

Other

Our combined short-term and long-term deferred revenue balance at March 31, 2011 was approximately $422.7 million, a decrease of $44.3 million from December 31, 2010. We have no material obligations associated with such deferred revenue. In first quarter 2011, deferred revenue decreased $61.6 million due to the deferred revenue recognition of $35.2 million related to the amortization of fixed fee royalty payments and $26.4 million related to per-unit exhaustion of prepaid royalties (based upon royalty reports provided by our customers) and technology solutions agreements. These decreases were partially offset by gross increases in deferred revenue of $17.3 million, primarily related to cash received or due from patent license and technology solutions customers. In addition, we are engaged in arbitration to determine whether royalties are owed on specific product classes pursuant to one of our technology solutions agreements. As of March 31, 2011 and December 31, 2010, we have deferred related revenue of approximately $12.8 million and $8.6 million, respectively.

Based on current license agreements, we expect the amortization of fixed fee royalty payments to reduce the March 31, 2011 deferred revenue balance of $422.7 million by $132.9 million over the next twelve months. Additional reductions to deferred revenue will be dependent upon the level of per-unit royalties our customers report against prepaid balances.

At March 31, 2011 and December 31, 2010, we had approximately 0.5 million and 0.7 million options outstanding, respectively, that had exercise prices less than the fair market value of our stock at each balance sheet date. These options would generate $6.8 million and $9.4 million of cash proceeds to the Company if they are fully exercised.

RESULTS OF OPERATIONS

<u>First Quarter 2011 Compared to First Quarter 2010</u>

Revenues

The following table compares first quarter 2011 revenues to first quarter 2010 revenues (in millions):

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	For the Three Months Ended March 31, 2011	2010	(Decrease)/Increase	
Per-unit royalty revenue	$ 39.5	$ 30.0	$ 9.5	32%
Fixed fee amortized royalty revenue	35.2	48.1	(12.9)	(27%)
Current patent royalties	74.7	78.1	(3.4)	(4%)
Past sales	2.3	35.7	(33.4)	(94%)
Total patent licensing royalties	77.0	113.8	(36.8)	(32%)
Technology solutions revenue	1.5	2.4	(0.9)	(38%)
Total revenue	$ 78.5	$ 116.2	$ (37.7)	(33%)

The $37.7 million decrease in total revenue was primarily attributable to a $36.8 million decrease in patent licensing royalties. Of this decrease in patent licensing royalties, $33.4 million was attributable to a decrease in past sales revenue resulting from the patent license agreement signed with Casio Hitachi Mobile Communications Co., Ltd. (CHMC) and the resolution of a routine audit with an existing customer in first quarter 2010. The remaining $3.4 million decrease was driven by a reduction in fixed fee amortized royalty revenue ($12.9 million) that was partially offset by an increase in per-unit royalty revenue ($9.5 million). The $12.9 million decrease in fixed fee amortized royalty revenue was primarily driven by the expiration of the 3G portion of our patent license agreement with LG at the end of fourth quarter 2010. This decrease was partially offset by the expansion of a patent license agreement with an existing customer in second quarter 2010. The $9.5 million increase in per-unit royalty revenues was due to strong sales from customers with concentrations in smartphones as well as the renewal of a patent license agreement with an existing customer. The decrease in technology solutions revenue was attributable to a decrease in royalties recognized on our SlimChip modem IP as a result of the previously discussed arbitration associated with one of our technologies solutions agreements.

In first quarter 2011 and first quarter 2010, 58% and 59% of our total revenues, respectively, were attributable to companies that individually accounted for 10% or more of these amounts. During first quarter 2011 and first quarter 2010, the following customers accounted for 10% or more of our total revenues:

	For the Three Months Ended March 31, 2011	2010
Samsung Electronics Company, Ltd.	33%	22%
Research in Motion Limited	15%	<10%
HTC Corporation	10%	<10%
LG Electronics, Inc		12%
Casio Hitachi Mobile Communications Co., Ltd.		25%

Operating Expenses

The following table summarizes the change in operating expenses by category (in millions):

	For the Three Months Ended March 31, 2011	2010	Increase/ (Decrease)	
Selling, general and administrative	$ 7.8	$ 7.5	$ 0.3	4%
Patent administration and licensing	15.9	17.8	(1.9)	(11%)
Development	17.4	16.2	1.2	7%

Total operating expenses	$ 41.1	$ 41.5	$ (0.4)	(1%)

Operating expenses decreased (1%) to $41.1 million in first quarter 2011 from $41.5 million in first quarter 2010. The ($0.4) million decrease was primarily due to net changes in the following items (in millions):

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	(Decrease) /Increase
Intellectual property enforcement	$ (2.8)
Long-term compensation	(0.7)
Other	(0.2)
Consulting services	1.6
Personnel-related costs	1.3
Depreciation and patent amortization	0.4
Total decrease in operating expenses	$ (0.4)

Intellectual property enforcement decreased $2.8 million due to lower levels of activity. The decrease in long-term compensation was primarily due to a first quarter 2010 charge of $0.9 million to increase our accrual rate for a cash incentive period under our long-term compensation program (LTCP). Depreciation and patent amortization increased due to higher levels of capitalized patent costs in recent years. Personnel-related costs grew $1.3 million primarily due to increased personnel levels within our patents, licensing and advanced research groups. Consulting services increased $1.6 million primarily to support research and development projects initiated within the last twelve months.

Selling, General and Administrative Expense: The increase in selling, general and administrative expense was primarily attributable to increased labor costs.

Patent Administration and Licensing Expense: The decrease in patent administration and licensing expense primarily resulted from the above-noted decrease in intellectual property enforcement costs. This decrease was partially offset by increases in personnel-related costs and patent amortization.

Development Expense: The increase in development expense was primarily attributable to the above-noted increases personnel-related costs and consulting services. This increase was partially offset by a decrease in long-term compensation.

Other (Expense) Income, net

In first quarter 2011, we reported net other expense of $0.9 million as compared to net other income of $0.6 million in first quarter 2010. The change between periods resulted from the recognition of $1.3 million in investment impairments in first quarter 2011.

Contractual Obligations

On April 4, 2011, InterDigital entered into an indenture (the Indenture), dated as of April 4, 2011, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the $230.0 million in Notes were issued. The Notes bear interest at a rate of 2.50% per year, payable in cash on March 15 and September 15 of each year, commencing September 15, 2011. The Notes will mature on March 15, 2016, unless earlier converted or repurchased.

On March 29 and March 30, 2011, in connection with the offering of the Notes, InterDigital entered into convertible note hedge transactions with respect to its common stock at a total cost of $47.7 million, which was paid to the counterparty on April 4, 2011.

For more information on these transactions, see Note 8, Subsequent Events, in the *Notes to Condensed Consolidated Financial Statements* included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Expected Trends

We will provide our expectations for our second quarter 2011 revenue after we receive and review the applicable patent licensing and product sales royalty reports.

STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include certain information under the heading Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations and other information regarding our current beliefs, plans and expectations, including without limitation the matters set forth below. Words such as anticipate, estimate, expect, project, intend, plan, forecast, variations of any such wo similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation, statements regarding:

The potential effects of new accounting standards on our financial statements or results of operations;

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Our amortization of fixed fee royalty payments and recognition of deferred technology solutions revenue over the next twelve months to reduce our March 31, 2011 deferred revenue balance;

Our future tax expense and changes to our reserves for uncertain tax positions;

The timing, outcome and impact of our various litigation and administrative matters;

Our ability to obtain additional liquidity through debt and equity financings;

Our belief that our available sources of funds will be sufficient to finance our operations, capital requirements, existing stock repurchase program and dividend program in the next twelve months; and

Our expectation regarding the impact on our future revenue and cash flow of the recent disaster in Japan.

Forward-looking statements concerning our business, results of operations and financial condition are inherently subject to risks and uncertainties that could cause actual results, and actual events that occur, to differ materially from results contemplated by the forward-looking statements. These risks and uncertainties include, but are not limited to, the risks and uncertainties outlined in greater detail in Part I, Item 1A. Risk Factors of our 2010 Form 10-K/A and in Part II, Item 1A. Risk Factors in this Quarterly Report on Form 10-Q. We undertake no obligation to revise or update publicly any forward-looking statement for any reason, except as otherwise required by law.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in quantitative and qualitative market risk from the disclosures included in our 2010 Form 10-K/A.

Item 4. CONTROLS AND PROCEDURES.

The Company s principal executive officer and principal financial officer, with the assistance of other members of management, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2011 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

The information required by this Item is incorporated by reference to Note 4, Litigation and Legal Proceedings, to the *Condensed Consolidated Financial Statements* included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS.

Reference is made to Part I, Item 1A, Risk Factors included in our Annual Report on Form 10-K/A for the year ended December 31, 2010 (the 2010 Form 10-K/A) for information concerning risk factors. In connection with the private placement of the Notes and the other transactions entered into in connection therewith (discussed more fully in Note 8, Subsequent Events, in the Notes to Condensed Consolidated Financial Statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q), we are updating the risk factors contained in the 2010 Form 10-K/A to include those set forth below.

The following risk factors should be read in conjunction with the risk factors set forth the 2010 Form 10-K/A. You should carefully consider such risk factors, which could materially affect our business, financial condition or future results. The risks described in this Quarterly Report on Form 10-Q and in our 2010 Form 10-K/A are not the only risks facing the Company. Additional risks and uncertainties not currently

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known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

Risks Related to Our Business

The recent disaster in Japan could negatively affect our future revenue and cash flow.

We derive a significant portion of our revenue and cash flow from customers in Japan, as well as from customers that rely on parts and chemicals that are manufactured in Japan. On March 11, 2011, an earthquake and tsunami struck Japan that may have an adverse impact on sales of cellular handsets in Japan and worldwide and that may also impact the cellular handset supply chain. Consequently, these events may have an adverse impact on the future per-unit royalties reported by some of our customers. Because these events occurred late in first quarter 2011 and due to our practice of reporting per-unit revenues on a one-quarter lag, we expect that the impact of these events on second quarter 2011 total revenue will be modest. However, we are unable to predict at this time what the full impact of these events on our company s future results will be or the timing and duration of any such impact. Accordingly, our future revenue and cash flow could decline as a result of this disaster.

Risks Relating to Our Common Stock and the Notes

The price of our common stock is volatile and may decline regardless of our operating performance.

Historically, we have had large fluctuations in the price of our common stock, and such fluctuations could continue. From January 1, 2008 to April 27, 2011, the trading price of our common stock has ranged from a low of $16.20 per share to a high of $58.64 per share. The market price for our common stock is volatile and may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

- price and volume fluctuations in the overall stock market;
- market conditions or trends in our industry or the economy as a whole;
- changes in operating performance and stock market valuations of other wireless communications companies generally;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- changes in financial estimates or ratings by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock;
- the public s response to press releases or other public announcements by us or third parties, including our filings with the SEC and announcements relating to technology development, litigation, arbitration and other legal proceedings in which we are involved and intellectual property impacting us or our business;
- announcements concerning licensing and technology matters and strategic transactions, such as spin-offs, joint ventures and acquisitions or divestitures;
- investor perceptions as to the likelihood of achievement of near-term goals;
- changes in market share of significant customers;
- the sustainability of an active trading market for our common stock;
- future sales of our common stock by our executive officers, directors and significant stockholders;
- announcements of mergers or acquisition transactions;

our inclusion or deletion from certain stock indices;

announcements of technical innovations or new products by our competitors or customers;

announcements of changes in our senior management;

other events or factors, including those resulting from war, incidents of terrorism, natural disasters or responses to these events; and

changes in accounting principles.

In addition, the stock markets, and in particular the NASDAQ Global Select Market, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

Our increased indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under such indebtedness.

As adjusted to give effect to the issuance of the Notes, our total consolidated long-term debt as of March 31, 2011 would have been approximately $230.4 million.

This level of debt could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under the Notes;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

Our ability to meet our payment and other obligations under the Notes depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us, in an amount sufficient to enable us to meet our payment obligations under the Notes and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the Notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes, and this default could cause us to be in default on any other future outstanding indebtedness.

The convertible note hedge transactions and warrant transactions that we entered into in connection with the offering of the Notes may affect the value of our common stock.

In connection with the offering of the Notes, we entered into convertible note hedge transactions with an affiliate of the initial purchaser (the option counterparty). We also sold warrants to the option counterparty. These transactions will be accounted for as an adjustment to our stockholders equity. The convertible note hedge transactions are expected to reduce the potential equity dilution upon conversion of the Notes. The warrants will have a dilutive effect on our earnings per share to the extent that the market price of our common stock exceeds the applicable strike price of the warrants on any expiration date of the warrants.

In connection with establishing its initial hedge of these transactions, the option counterparty (and/or an affiliate thereof) purchased our common stock in open market transactions and/or privately negotiated transactions and/or entered various cash-settled derivative transactions with respect to our common stock concurrently with, or shortly after, the pricing of the Notes. The option counterparty (and/or an affiliate thereof) may modify its hedge positions from time to time (including during any conversion period related to a conversion of the Notes) by entering into or unwinding various derivative transactions with respect to our common stock and/or by purchasing or selling our common stock in open market transactions and/or privately negotiated transactions. The effect, if any, of any of these transactions and activities on the market price of our common stock will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the market price of our common stock.

We are subject to counterparty risk with respect to the convertible note hedge transactions.

The option counterparty is a financial institution or the affiliate of a financial institution, and we will be subject to the risk that the option counterparty may default or otherwise fail to perform, or may exercise certain rights to terminate their obligations, under the convertible note hedge transactions. Our exposure to the credit risk of the option counterparty will not be secured by any collateral. Recent global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If the option counterparty become subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the convertible note hedge transactions. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in our common stock market price and in volatility of our common stock. In addition, upon a default by the option counterparty, we may suffer adverse tax consequences and dilution with respect to our common stock. We can provide no assurance as to the financial stability or viability of the option counterparty.

Future sales or other dilution of our equity could depress the market price of our common stock.

Sales of our common stock in the public market, or the perception that such sales could occur, could negatively impact the market price of our common stock. We also have several institutional stockholders that own significant blocks of our common stock. If one or more of these stockholders were to sell large portions of their holdings in a relatively short time, for liquidity or other reasons, the prevailing market price of our common stock could be negatively affected.

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Under certain circumstances, shares of our common stock could be issued upon conversion of the Notes, which would dilute the ownership interest of our existing stockholders. In addition, the issuance of additional common stock, or issuances of securities convertible into or exercisable for our common stock or other equity linked securities, including preferred stock or warrants, would dilute the ownership interest of our common stockholders and could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

Provisions of the Notes could discourage an acquisition of us by a third party.

Certain provisions of the Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, including the sale of all or substantially all of our assets, holders of the Notes will have the right, at their option, to require us to repurchase all of their Notes or any portion of the principal amount of such Notes. We may also be required to issue additional shares upon conversion in the event of certain fundamental change transactions. These provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock and could have the effect of discouraging delaying or preventing an acquisition of us by a third party.

If securities or industry analysts fail to continue publishing research about our business, if they change their recommendations adversely or if our results of operations do not meet their expectations, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. In addition, it is possible that in some future period our operating results will be below the expectations of securities analysts or investors. If one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.

The accounting method for convertible debt securities, such as the Notes, could have a material adverse effect on our reported financial results.

In May 2008, the Financial Accounting Standards Board, which we refer to as FASB, issued ASC 470-20. Under ASC 470-20, an entity must separately account for the liability and equity components of convertible debt instruments, such as the Notes, that will be settled partially in cash upon conversion in a manner that reflects the issuer s economic interest cost. ASC 470-20 requires the fair value of the conversion option of the Notes be reported as a component of stockholders equity and included in the additional paid-in-capital on our consolidated balance sheet. The value of the conversion option of the Notes will be reported as discount to the Notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period s amortization of the debt discount (non-cash interest) and the instrument s cash interest, which could adversely affect our reported or future financial results and the trading price of our common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

As previously disclosed in our Current Report on Form 8-K filed with the SEC on April 4, 2011, on March 29, 2011 and March 30, 2011, we entered into privately-negotiated warrant transactions with Barclays Bank PLC (the Counterparty), through its agent, Barclays Capital Inc., whereby we sold to the Counterparty warrants to acquire, subject to customary anti-dilution adjustments, approximately 3.5 million and approximately 0.5 million shares, respectively, of our common stock at a strike price of $66.3528 per share, also subject to adjustment. The warrants become exercisable in tranches starting in June 2016. As consideration for the warrants issued on March 29, 2011 and March 30, 2011, we received $27.6 million and $4.1 million, respectively. If the market value per share of our common stock, as measured under the warrants, exceeds the strike price of the warrants at the time the warrants are exercisable, we will issue the Counterparty shares of our common stock having a value equal to such excess, as measured under the terms of the warrants. The warrants were sold to the Counterparty in separate privately-negotiated warrant transactions pursuant to the exemption from the registration requirements afforded by Section 4(2) of the Securities Act of 1933, as amended.

We did not repurchase any shares of our common stock during first quarter 2011 or from April 1, 2011 through April 27, 2011.

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ITEM 6. EXHIBITS.

The following is a list of exhibits filed with this Quarterly Report on Form 10-Q:

Exhibit Number	Exhibit Description
*Exhibit 4.1	Indenture, dated April 4, 2011, between InterDigital, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee. (Exhibit 4.1 to InterDigital s Current Report on Form 8-K dated April 4, 2011).
*Exhibit 4.2	Form of 2.50% Senior Convertible Note due 2016. (Exhibit 4.2 to InterDigital s Current Report on Form 8-K dated April 4, 2011).
Exhibit 4.3	Specimen Stock Certificate of InterDigital, Inc.
*Exhibit 10.1	Bond Hedge Transaction Confirmation, dated March 29, 2011, by and between InterDigital, Inc. and Barclays Bank PLC, through its agent, Barclays Capital Inc. (Exhibit 10.1 to InterDigital s Current Report on Form 8-K dated April 4, 2011).
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Exhibit 31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
Exhibit 32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 101	The following financial information from InterDigital, Inc. s Quarterly Report on Form 10-for the quarter ended March 31, 2011, filed with the Securities and Exchange Commission on April 28, 2011, formatted in eXtensible Business Reporting Language: (i) Condensed Consolidated Balance Sheets at March 31, 2011 and December 31, 2010, (ii) Condensed Consolidated Statements of Income for the three months ended March 31, 2011 and 2010, (iii) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2011 and 2010 and (iv) Notes to Condensed Consolidated Financial Statements (tagged as blocks of text).

* Incorporated by reference to the previous filing indicated.

This exhibit will not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such exhibit will not be deemed to be incorporated by reference into any filing under the Securities Act or Securities Exchange Act, except to the extent that InterDigital, Inc. specifically incorporates it by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	INTERDIGITAL, INC.
Date: April 28, 2011	/s/ WILLIAM J. MERRITT **William J. Merritt** **President and Chief Executive Officer**
Date: April 28, 2011	/s/ SCOTT A. MCQUILKIN **Scott A. McQuilkin** **Chief Financial Officer**
Date: April 28, 2011	/s/ RICHARD J. BREZSKI **Richard J. Brezski** **Chief Accounting Officer**

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