BLACKROCK ENHANCED CAPITAL & INCOME FUND, INC
Form N-CSRS
July 01, 2009

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SECURITIESANDEXCHANGECOMMISSION
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FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21506

Name of Fund: BlackRock Enhanced Capital and Income Fund, Inc. (CII)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer, BlackRock Enhanced Capital and Income 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: 10/31/2009

Date of reporting period: 04/30/2009

Item 1 Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Semi-Annual Report

APRIL 30, 2009 | (UNAUDITED)

BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

BlackRock Enhanced Capital and Income Fund, Inc. (CII)

BlackRock Floating Rate Income Trust (BGT)

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

BlackRock Preferred and Equity Advantage Trust (BTZ)

BlackRock Preferred Income Strategies Fund, Inc. (PSY)

BlackRock Preferred Opportunity Trust (BPP)

Table of Contents

Section 19 Disclosure

BlackRock Enhanced Capital and Income Fund, Inc. (CII) and BlackRock Preferred and Equity Advantage Trust (BTZ) (each a Fund and collectively, the Funds), acting pursuant to a Securities and Exchange Commission (SEC) exemptive order and with the approval of each Fund s Board of Directors/Trustees (the Board), each have adopted a level distribution plan (the Plan) that is consistent with its investment objectives and policies. In adopting the Plan, each Fund employs either a managed distribution or option over-write policy to support a level distribution of income, capital gains and/or return of capital. In accordance with the Plans, the Funds currently distribute the following fixed amounts per share:

Exchange Symbol	Amount Per Common Share	Distribution Frequency
CII	$0.485	Quarterly
BTZ	$0.100	Monthly

The fixed amounts distributed per share are subject to change at the discretion of each Fund s Board. Under its Plan, each Fund will distribute all available investment income to its shareholders, consistent with its primary investment objectives and as required by the Internal Revenue Code of 1986, as amended (the Code). If sufficient investment income is not available on a monthly/quarterly basis, the Funds will distribute long-term capital gains and/or return of capital to shareholders in order to maintain a level distribution. Each monthly/quarterly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential distribution rate increases or decreases to enable the Funds to comply with the distribution requirements imposed by the Code.

Shareholders should not draw any conclusions about the Fund s investment performance from the amount of these distributions or from the terms of the Plan. Each Fund s total return performance on net asset value is presented in its financial highlights table.

The Board may amend, suspend or terminate a Fund s Plan without prior notice if it deems such actions to be in the best interests of the Fund or its shareholders. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund s stock is trading at or above net asset value) or widening an existing trading discount. The Funds are subject to risks that could have an adverse impact on their ability to maintain a level distribution. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, decreased market volatility, companies suspending or decreasing corporate dividend distributions and changes in the Code. Please refer to each Fund s prospectus for a more complete description of its risks.

Please refer to Additional Information for a cumulative summary of the Section 19(a) notices for each Fund s current fiscal period. Section 19(a) notices for the Funds, as applicable, are available on the BlackRock website

www.blackrock.com.

Dear Shareholder

The past 12 months reveal a tale of two markets one of investor pessimism and decided weakness, and another of optimism and some early signs of

recovery. The majority of the past year was characterized by the former as the global financial crisis erupted into the worst recession in decades. Economic

data were uniformly poor and daily headlines recounted the downfalls of storied financial firms, volatile swings in global financial markets, and monumental

government actions that included widespread (and globally coordinated) monetary and quantitative easing by central banks and large-scale fiscal stimuli.

Sentiment improved noticeably in March 2009, however, on the back of new program announcements by the Treasury and Federal Reserve Board, as well

as signs of improved economic performance, such as in retail sales, consumer confidence and select areas of the housing market.

Against this backdrop, US equities contended with unprecedented levels of volatility, posting steep declines early, and then pared some of those losses in

March and April. The experience in international markets was similar to that in the United States, though there was a marked divergence in regional perform-

ance. Notably, emerging economies, which lagged most developed regions through the downturn, were among the market leaders during the late-period rally.

In fixed income markets, while risk aversion remained a dominant theme overall, relatively attractive yields and distressed valuations, alongside a more

favorable macro environment, eventually captured investor attention, leading to a modest recovery in non-Treasury assets. A notable example from the

opposite end of the credit spectrum was the high yield sector, which generally outperformed in the first four months of 2009 after extraordinary challenges

and severe underperformance last year. At the same time, the new year ushered in a return to normalcy for the tax-exempt market, which had registered one

of its worst years on record in 2008.

All told, the major benchmark indexes posted mixed results for the current reporting period, reflective of a bifurcated market.

Total Returns as of April 30, 2009	**6-month**	**12-month**
US equities (S&P 500 Index)	(8.53)%	(35.31)%
Small cap US equities (Russell 2000 Index)	(8.40)	(30.74)
International equities (MSCI Europe, Australasia, Far East Index)	(2.64)	(42.76)
US Treasury securities (Merrill Lynch 10-Year US Treasury Index)	8.98	9.30

Taxable fixed income (Barclays Capital US Aggregate Bond Index)	7.74	3.84
Tax-exempt fixed income (Barclays Capital Municipal Bond Index)	8.20	3.11
High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)	16.39	(12.55)

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

On June 16, 2009, BlackRock, Inc. announced that it received written notice from Barclays PLC (Barclays) in which Barclays Board of Directors had

accepted BlackRock s offer to acquire Barclays Global Investors (BGI). Barclays also notified BlackRock that its Board will recommend the transaction to

Barclays shareholders for approval at a special meeting to be held in early August 2009. The combination of BlackRock and BGI will bring together market

leaders in active and index strategies to create the preeminent asset management firm. The transaction is expected to close in the fourth quarter 2009

following approval by Barclays shareholders, the receipt of client consents and regulatory approvals, and satisfaction of customary closing conditions.

Through periods of market turbulence, as ever, BlackRock s full resources are dedicated to the management of our clients assets. We thank you for entrusting

BlackRock with your investments and look forward to continuing to serve you in the months and years ahead.

Sincerely,

Fund Summary as of April 30, 2009 **BlackRock Broad Investment Grade 2009 Term Trust Inc.**

Investment Objective

BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT) (the Fund) seeks to manage a portfolio of fixed income securities that will return $15 per share (the initial public offering price per share) to investors on or about December 31, 2009 while providing high monthly income. No assurance can be given that the Fund s investment objective will be achieved. As discussed in the performance commentary below, it is expected the Fund will return less than $15 per share. See Note 1 of the Notes to Financial Statements (Organization and Significant Accounting Policies).

Performance

For the six months ended April 30, 2009, the Fund returned (10.48)% based on market price and (9.84)% based on net asset value (NAV). For the same period, the closed-end Lipper US Mortgage Funds category posted an average return of (1.09)% on a market price basis and (1.40)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. On June 3, 2009, the investment advisor and the Board of Trustees (the Board) of the Fund announced that the Fund will make its final liquidating distribution on or about October 30, 2009, instead of December 31, 2009. Based on the Fund s net assets, prolonged adverse market conditions and investment opportunities currently available to the Fund, BlackRock and the Board believe it is in the investors best interest to liquidate the Fund in advance of its scheduled date. At final liquidation, the Fund s shareholders will receive the net asset value of the Fund at that time in one or more liquidating distributions, which is expected to be less than the Fund s initial offering price. The Fund remains focused on its December 2009 maturity and is positioned accordingly. During the six months, we maintained the Fund s allocation to agency debt and corporate debt, as well as to mortgage-backed securities (MBS). The exposure to MBS detracted from performance, while the allocation to corporates was beneficial. The Fund maintained moderate levels of cash during the period, which did not signifcantly impact performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information		
	Symbol on American Stock Exchange	BCT
	Initial Offering Date	June 17, 1993
	Yield on Closing Market Price as of April 30, 2009 ($11.19)[1]	0.00%
	Current Monthly Distribution per share[2]	$0.00
	Current Annualized Distribution per share[2]	$0.00

Leverage as of April 30, 2009[3]	6%

[1] Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

[2] Effective November 2008, the Fund has discontinued its monthly distribution in an effort to meet its termination target of $15.00.

[3] Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund (including any assets

attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

For a discussion of leveraging techniques utilized by the Fund, please see the Benefits and Risks of Leveraging on page 11.

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

	4/30/09	10/31/08	Change	High	Low
Market Price	$11.19	$12.50	(10.48)%	$13.05	$10.95
Net Asset Value	$11.54	$12.80	(9.84)%	$12.80	$11.29

The following chart shows the portfolio composition of the Fund s total investments:

Portfolio Composition

	4/30/09	10/31/08
U.S. Government Sponsored Agency Obligations	71%	66%
Corporate Bonds	8	5
Short-Term Securities	7	9
Non-U.S. Government Sponsored Agency Mortgage-Backed Securities	7	10
U.S. Government Sponsored Agency Mortgage-Backed Securities Collateralized Mortgage Obligations	3	6
Taxable Municipal Bonds	3	3
U.S. Government Sponsored Agency Mortgage-Backed Securities	1	1

Fund Summary as of April 30, 2009 BlackRock Enhanced Capital and Income Fund, Inc.

Investment Objective

BlackRock Enhanced Capital and Income Fund, Inc. (CII) (the Fund) seeks to provide investors with a combination of current income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in a diversified portfolio of common stocks in an attempt to generate current income and by employing a strategy of writing (selling) call options on equity indexes in an attempt to generate gains from option premiums primarily on the S&P 500 Index. No assurance can be given that the Fund s investment objective will be achieved.

The Board recently approved a change to the Fund s option writing policy. Please refer to page 65 in the General Information section.

Performance

For the six months ended April 30, 2009, the Fund returned 0.05% based on market price and 2.12% based on net asset value (NAV). For the same period, the benchmark S&P 500 Citigroup Value Index returned (14.39)%. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The largest contributor to performance was the Fund s underweight exposure to the financials sector, which was a weak performer during the six months. Stock selection in healthcare, energy and industrials also was strong. Key individual contributors in healthcare were Schering-Plough Corp. and Wyeth, while BJ Services Co., Exxon Mobil Corp. and Halliburton Co. led within energy and industrials. The lack of ownership in General Electric Co. and Deere & Co. also was advantageous. The main detractor from performance was stock selection in the consumer discretionary sector. Key laggards included General Mills, Inc. and Kimberly-Clark Corp., which posted weak returns during the period.

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Fund Information

Symbol on New York Stock Exchange	CII
Initial Offering Date	April 30, 2004
Yield on Closing Market Price as of April 30, 2009 ($11.38)[1]	17.05%
Current Quarterly Distribution per share[2]	$0.485
Current Annualized Distribution per share[2]	$1.940

[1] Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

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

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

	4/30/09	10/31/08	Change	High	Low
Market Price	$11.38	$12.37	(8.00)%	$13.13	$ 7.92
Net Asset Value	$12.94	$13.78	(6.10)%	$14.37	$10.62

The following charts show the ten largest holdings and sector allocations as a percent of the Fund s long-term investments:

Portfolio Information

Ten Largest Holdings	Percent of Long-Term Investments	Sector Allocations	Percent of Long-Term Investments
Exxon Mobil Corp.	4%	Information Technology	19%
The Travelers Cos., Inc.	4	Financials	16
Schering-Plough Corp.	4	Health Care	12
JPMorgan Chase & Co.	3	Energy	11
LSI Corp.	3	Consumer Staples	11
Xerox Corp.	3	Industrials	9
Qwest Communications International Inc.	3	Telecommunication Services	7
Kimberly-Clark Corp.	3	Consumer Discretionary	7
Bristol-Myers Squibb Co.	3	Utilities	4
Verizon Communications, Inc.	2	Materials	4

Fund Summary as of April 30, 2009 BlackRock Floating Rate Income Trust

Investment Objective

BlackRock Floating Rate Income Trust (BGT) (formerly BlackRock Global Floating Rate Income Trust) (the Fund) seeks to provide a high level of current income and to seek the preservation of capital. The Fund seeks to achieve its objective by investing in a global portfolio of primarily floating and variable rate securities. No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the six months ended April 30, 2009, the Fund returned 16.00% based on market price and 5.03% based on net asset value (NAV). For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 0.24% on a market price basis and (4.14)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. For the first two months of the reporting period, the high yield loan market was under extreme pressure and lost 10.90%, as measured by the Barclays Capital High Yield Loan Index. However, this underperformance was followed by a strong first four months of 2009, in which the sector gained in excess of 20%. This resulted in positive market performance for the six months as a whole. During this time, the Fund maintained a high level of leverage and focused on higher-quality sectors and structures, which benefited most during the market rally; these were the primary contributors to the Fund s outperformance of its Lipper peers. Conversely, conservative positioning hampered results during the sharp rally in the first four months of 2009.

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Fund Information

Symbol on New York Stock Exchange	BGT
Initial Offering Date	August 30, 2004
Yield on Closing Market Price as of April 30, 2009 ($9.85)[1]	12.18%
Current Monthly Distribution per Common Share[2]	$0.10
Current Annualized Distribution per Common Share[2]	$1.20
Leverage as of April 30, 2009[3]	32%

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

[2] The Monthly Distribution per Common Share, declared on June 1, 2009, was decreased to $0.075. The Yield on Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or

net realized gain.

[3] Represents loan outstanding and Auction Market Preferred Shares (Preferred Shares) as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding and Preferred Shares) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see the Benefits and Risks of Leveraging on page 11.

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

	4/30/09	10/31/08	Change	High	Low
Market Price	$ 9.85	$ 9.63	2.28%	$10.25	$6.88
Net Asset Value	$10.41	$11.24	(7.38)%	$11.43	$8.86

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

Portfolio Composition	4/30/09	10/31/08
Floating Rate Loan Interests	76%	79%
Corporate Bonds	17	14
Foreign Government Obligations	7	7

Credit Quality Allocations[4]	4/30/09	10/31/08
A/A	19%	20%
BBB/Baa	47	30
BB/Ba	9	16
B/B	11	23
CCC/Caa	7	10
D	6	
Not Rated	1	1

[4] Using the higher of Standard & Poor s (S&P s) or Moody s Investors Service (Moody s) ratings.

Fund Summary as of April 30, 2009 **BlackRock Preferred and Corporate Income Strategies Fund, Inc.**

Investment Objective

BlackRock Preferred and Corporate Income Strategies Fund, Inc. (PSW) (the Fund) seeks to provide shareholders with high current income and 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. No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the six months ended April 30, 2009, the Fund returned (11.81)% based on market price and (15.87)% based on net asset value (NAV). For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (5.69)% on a market price basis and (8.83)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The Fund s Lipper category contains both preferred and equity funds, both of which declined significantly through early March and rebounded sharply afterwards. Equities, as measured by the S&P 500 Index, lost 8.53% for the six months, while preferred securities, as measured by the Merrill Lynch Fixed Rate Preferred Index, lost 11.62%. Financial issues make up a significant percentage of the preferred market and, during the period, were highly correlated to financial equities, which significantly underperformed. Accordingly, the Fund s holdings of financials detracted from returns, as did relatively high levels of leverage. Due to adverse market conditions during the period, the Fund invested a higher than usual percentage of its assets in cash equivalent securities. This higher-than-normal allocation to cash helped performance for the six months.

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Fund Information

Symbol on New York Stock Exchange	PSW
Initial Offering Date	August 1, 2003
Yield based on Closing Market Price as of April 30, 2009 ($5.55)[1]	17.47%
Current Monthly Distribution per Common Share[2]	$0.0808
Current Annualized Distribution per Common Share[2]	$0.9696
Leverage as of April 30, 2009[3]	44%

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

[2] The Monthly Distribution per Common Share, declared on June 1, 2009, was decreased to $0.06. The Yield on Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

[3] Represents reverse repurchase agreements and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding and Preferred Shares) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see the Benefits and Risks of Leveraging
on page 11.

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

	4/30/09	10/31/08	Change	High	Low
Market Price	$5.55	$7.00	(20.71)%	$7.99	$3.44
Net Asset Value	$5.62	$7.43	(24.36)%	$7.60	$4.55

The following charts show the portfolio composition of the Fund s total investments and credit quality allocations of the Fund s Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	4/30/09	10/31/08
Preferred Securities	71%	87%
Short-Term Securities	27	11
Corporate Bonds	2	2

Credit Quality Allocations[4]

	4/30/09	10/31/08
AA/Aa	1%	14%
A/A	33	46
BBB/Baa	57	36
BB/Ba	6	4
B/B	2	
CCC/Caa	1	

[4] Using the higher of S&P s or Moody s ratings.

Fund Summary as of April 30, 2009 BlackRock Preferred and Equity Advantage Trust

Investment Objective

BlackRock Preferred and Equity Advantage Trust (BTZ) (the Fund) seeks to achieve high current income, current gains and capital appreciation. The
Fund will invest primarily in preferred and equity securities and derivatives with economic characteristics similar to individual or groups of equity securi-
ties. The Fund will seek to generate income through an allocation of Qualified Dividend Income-eligible preferreds, common stocks that generate qualified
dividend income and an index options strategy. No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the six months ended April 30, 2009, the Fund returned (4.23)% based on market price and (8.73)% based on net asset value (NAV). For the same
period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (5.69)% on a market price basis and (8.83)% on a
NAV basis. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between
performance based on price and performance based on NAV. The Fund s Lipper category contains both preferred and equity funds, both of which declined
significantly through early March and rebounded sharply afterwards. Equities, as measured by the S&P 500 Index, lost 8.53% for the six months, while
preferred securities, as measured by the Merrill Lynch Fixed Rate Preferred Index, lost 11.62%. Financial issues make up a significant percentage of the
preferred market and, during the period, were highly correlated to financial equities, which significantly underperformed. Accordingly, the Fund s holdings of
financials detracted from returns, as did relatively high levels of leverage. Due to adverse market conditions during the period, the Fund invested a higher
than usual percentage of its assets in cash equivalent securities. This higher-than-average allocation to cash, combined with options strategies used by the
Fund to generate additional income, helped performance for the six months.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These
views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on New York Stock Exchange	BTZ
Initial Offering Date	December 27, 2006
Yield on Closing Market Price as of April 30, 2009 ($8.05)[1]	19.38%
Current Monthly Distribution per Common Share[2]	$0.13
Current Annualized Distribution per Common Share[2]	$1.56
Leverage as of April 30, 2009[3]	39%

[1] Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.
Past performance does not guarantee future results.
[2] The Monthly Distribution per Common Share, declared on June 1, 2009, was decreased to $0.10. The Yield on Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.
[3] Represents reverse repurchase agreements and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding and Preferred Shares) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see the Benefits and Risks of Leveraging
on page 11.

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

	4/30/09	10/31/08	Change	High	Low
Market Price	$8.05	$ 9.36	(14.00)%	$ 9.80	$4.56
Net Asset Value	$8.68	$10.59	(18.04)%	$10.80	$6.89

The following charts show the portfolio composition of the Fund s total investments and credit quality allocations of the Fund s Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	4/30/09	10/31/08
Preferred Securities	52%	59%
Common Stocks	24	16
Short-Term Securities	15	21
Corporate Bonds	9	4

Credit Quality Allocations[4]

	4/30/09	10/31/08
AA/Aa	5%	21%
A/A	41	42
BBB/Baa	47	34
BB/Ba	5	3
B/B	1	
CCC/Caa	1	

[4] Using the higher of S&P s or Moody s ratings.

Fund Summary as of April 30, 2009 **BlackRock Preferred Income Strategies Fund, Inc.**

Investment Objective

BlackRock Preferred Income Strategies Fund, Inc. (PSY) (the Fund) seeks to provide shareholders with current income and 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. No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the six months ended April 30, 2009, the Fund returned (16.83)% based on market price and (17.88)% based on net asset value (NAV). For the same
period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (5.69)% on a market price basis and (8.83)% on a
NAV basis. All returns reflect reinvestment of dividends. The Fund s premium to NAV, which widened during the period, accounts for the difference between
performance based on price and performance based on NAV. The Fund s Lipper category contains both preferred and equity funds, both of which declined
significantly through early March and rebounded sharply afterwards. Equities, as measured by the S&P 500 Index, lost 8.53% for the six months, while
preferred securities, as measured by the Merrill Lynch Fixed Rate Preferred Index, lost 11.62%. Financial issues make up a significant percentage of the
preferred market and, during the period, were highly correlated to financial equities, which significantly underperformed. Accordingly, the Fund s holdings of
financials detracted from returns, as did relatively high levels of leverage. Due to adverse market conditions during the period, the Fund invested a higher
than usual percentage of its assets in cash equivalent securities. This higher-than-normal allocation to cash helped performance for the six months.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These
views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on New York Stock Exchange	PSY
Initial Offering Date	March 28, 2003
Yield on Closing Market Price as of April 30, 2009 ($6.05)[1]	18.76%
Current Monthly Distribution per Common Share[2]	$0.094583
Current Annualized Distribution per Common Share[2]	$1.134996
Leverage as of April 30, 2009[3]	43%

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

[2] The Monthly Distribution per Common Share, declared June 1, 2009, was decreased to $0.075. The Yield on Closing Market Price, Current

Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

[3] Represents reverse repurchase agreements and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding and Preferred Shares) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see the Benefits and Risks of Leveraging
on page 11.

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

	4/30/09	10/31/08	Change	High	Low
Market Price	$6.05	$8.10	(25.31)%	$8.40	$3.69
Net Asset Value	$5.87	$7.96	(26.26)%	$8.17	$4.60

The following charts show the portfolio composition of the Fund s total investments and credit quality allocations of the Fund s Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	4/30/09	10/31/08
Preferred Securities	94%	93%
Short-Term Securities	4	4
Corporate Bonds	2	3

Credit Quality Allocations[4]

	4/30/09	10/31/08
AA/Aa	1%	16%
A/A	34	49
BBB/Baa	50	28
BB/Ba	11	7
B/B	3	
CCC/Caa	1	

[4] Using the higher of S&P s or Moody s ratings.

Fund Summary as of April 30, 2009 BlackRock Preferred Opportunity Trust

Investment Objective

BlackRock Preferred Opportunity Trust (BPP) (the Fund) seeks high current income consistent with capital preservation by investing primarily in preferred securities. No assurance can be given that the Fund s investment objective will be achieved.

Performance

For the six months ended April 30, 2009, the Fund returned (7.59)% based on market price and (15.77)% based on net asset value (NAV). For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (5.69)% on a market price basis and (8.83)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period-end, which accounts for the difference between performance based on price and performance based on NAV. The Fund s Lipper category contains both preferred and equity funds, both of which declined significantly through early March and rebounded sharply afterwards. Equities, as measured by the S&P 500 Index, lost 8.53% for the six months, while preferred securities, as measured by the Merrill Lynch Fixed Rate Preferred Index, lost 11.62%. Financial issues make up a significant percentage of the preferred market and, during the period, were highly correlated to financial equities, which significantly underperformed. Accordingly, the Fund s holdings of financials detracted from returns, as did relatively high levels of leverage. Due to adverse market conditions during the period, the Fund invested a higher than usual percentage of its assets in cash equivalent securities. This higher-than-average allocation to cash helped performance for the six months.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information	
Symbol on New York Stock Exchange	BPP
Initial Offering Date	February 28, 2003
Yield on Closing Market Price as of April 30, 2009 ($7.08)[1]	17.80%
Current Monthly Distribution per Common Share[2]	$0.105
Current Annualized Distribution per Common Share[2]	$1.260
Leverage as of April 30, 2009[3]	40%

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

[2] The Monthly Distribution per Common Share, declared on June 1, 2009, was decreased to $0.0725. The Yield on Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or

net realized gain.

[3] Represents reverse repurchase agreements and Preferred Shares as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding and Preferred Shares) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see the Benefits and Risks of Leveraging
on page 11.

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

	4/30/09	10/31/08	Change	High	Low
Market Price	$7.08	$8.51	(16.80)%	$10.18	$4.00
Net Asset Value	$6.65	$8.77	(24.17)%	$ 9.05	$5.06

The following chart shows the portfolio composition of the Fund s total investments and credit quality allocations of the Fund s Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	4/30/09	10/31/08
Preferred Securities	77%	90%
Short-Term Securities	14	3
Corporate Bonds	8	7
Investment Companies	1	

Credit Quality Allocations[4]

	4/30/09	10/31/08
AA/Aa	9%	12%
A/A	35	11
BBB/Baa	42	56
BB/Ba	10	18
B	3	3
CCC/Caa	1	

[4] Using the higher of S&P s or Moody s ratings.

The Benefits and Risks of Leveraging

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

To leverage, BlackRock Floating Rate Income Trust, BlackRock Preferred and Corporate Income Strategies Fund, Inc., BlackRock Preferred and Equity Advantage Trust, BlackRock Preferred Income Strategies Fund, Inc. and BlackRock Preferred Opportunity Trust issue Preferred Shares, which pay dividends at prevailing short-term interest rates. In addition, certain Funds may utilize leverage through borrowings or issuance of short-term securities. In general, the concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund s Common Shareholders will benefit from the incremental yield.

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

To illustrate these concepts, assume a Fund s Common Shares capitalization is $100 million and it issues Preferred Shares for an additional $50 million, creating a total value of $150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays dividends on the $50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the Fund s total portfolio of $150 million earns the income based on long-term interest rates. In this case, the dividends paid to Preferred Shareholders are significantly lower than the income earned on the fund s long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental yield.

Conversely, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Fund pays dividends on the higher short-term interest rates whereas the Fund s total portfolio earns income based on lower long-term interest rates. If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Shares will be reduced or eliminated completely.

Furthermore, the value of the Fund s portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Fund s Preferred Shares does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund s NAV positively or negatively in addition to the impact on Fund performance from leverage from debt securities.

The use of leverage may enhance opportunities for increased returns to the Fund and Common Shareholders, but as described above, they also create risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in a Fund s NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Fund s net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, the Fund s net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. The Fund may be required to sell portfolio securities at inopportune times or below fair market values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments which may cause a Fund to incur losses. The use of leverage may limit a Fund s ability to invest in certain types of securities or use certain types of hedging strategies, such as in the case of certain restrictions imposed by ratings agencies that rate preferred shares issued by the Fund. The Fund will incur expenses in connection with the use of leverage, all of which are borne by the holders of the Common Shares and may reduce returns on the Common Shares.

Under the Investment Company Act of 1940, the Funds are permitted to issue Preferred Shares in an amount of up to 50% of their total managed assets at the time of issuance. Under normal circumstances, each Fund anticipates that the total economic leverage from Preferred Shares, reverse repurchase agreements and credit facility borrowings will not exceed 50% of its total managed assets at the time such leverage is incurred. As of April 30, 2009, the Funds had economic leverage from Preferred Shares, reverse repurchase agreements and/or credit facility borrowings as a percentage of their total managed assets as follows:

	Percent of Leverage
BlackRock Broad Investment Grade 2009 Term Trust Inc	6%
BlackRock Floating Rate Income Trust	32%
BlackRock Preferred and Corporate Income Strategies Fund, Inc	44%
BlackRock Preferred and Equity Advantage Trust	39%
BlackRock Preferred Income Strategies Fund, Inc	43%
BlackRock Preferred Opportunity Trust	40%

Derivative Instruments

The Funds may invest in various derivative instruments, including swap agreements, futures and forward currency contracts, and other instruments specified in the Notes to Financial Statements, which constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the other party to the transaction and illiquidity of the derivative instrument. The Funds ability

to successfully use a derivative instrument depends on the Advisor s ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require the Funds to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Funds can realize on an investment or may cause the Funds to hold a security that it might otherwise sell. The Funds investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments April 30, 2009 (Unaudited) BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

(Percentages shown are based on Net Assets)

Asset-Backed Securities	Par (000)	Value
Global Rated Eligible Asset Trust Series 1998-A		
Class 1, 7.45%, 9/15/07 (a)(b)(c)	$ 234	$ 24
Structured Mortgage Asset Residential Trust Series 2,		
8.24%, 11/07/07 (a)(b)	568	57
Total Asset-Backed Securities 0.0%		81
Corporate Bonds		
Electric Utilities 2.9%		
Entergy Gulf States, Inc., 1.661%, 12/01/09 (d)	1,000	979,547
Media 5.8%		
Comcast Corp., 1.439%, 7/14/09 (d)(e)(f)	2,000	1,998,408
Total Corporate Bonds 8.7%		2,977,955
U.S. Government Sponsored Agency Mortgage-Backed Securities		
Fannie Mae Guaranteed Pass Through Certificates:		
5.50%, 1/01/17 2/01/17	221	231,698
6.50%, 7/01/29	8	8,520
Total U.S. Government Sponsored Agency Mortgage-Backed Securities 0.7%		240,218
U.S. Government Sponsored Agency Mortgage-Backed Securities Collateralized Mortgage Obligations		
Fannie Mae Trust (g):		
Series 1992-174 Class S, 154.28%, 9/25/22 (d)	2,108	6,976
Series 1993-49 Class L, 444.9167%, 4/25/13	1,283	7,625
Series 2004-13 Class IG, 5%, 10/25/22	2	
Series G-21 Class L, 949.50%, 7/25/21	194	3,626
Freddie Mac Multiclass Certificates:		
Series 65 Class I, 918.0295%, 8/15/20 (g)	617	11,505
Series 141 Class H, 1,060%, 5/15/21 (g)	116	2,570
Series 1510 Class G, 7.05%, 5/15/13	998	1,058,099
Series 2517 Class SE, 15.122%, 10/15/09 (d)	149	154,045
Series 2523 Class EH, 5.50%, 4/15/20 (g)	291	1,774
Total U.S. Government Sponsored Agency Mortgage Backed Securities Collateralized Mortgage Obligations 3.7%		1,246,220
Taxable Municipal Bonds		
County/City/Special District/School District 2.9%		
Fresno, California, Taxable Pension Obligation Revenue		

Bonds, 7.80%, 6/01/14 (e)(h)	440	476,806
Kern County, California, Taxable Pension Obligation		
Revenue Bonds, 6.98%, 8/15/09 (e)(i)	500	506,565
Total Taxable Municipal Bonds 2.9%		983,371
Non-U.S. Government Sponsored Agency	**Par**	
Mortgage-Backed Securities	**(000)**	**Value**
JPMorgan Mortgage Trust Series 2006-A7 Class 2A2,		
5.791%, 1/25/37 (d)	$ 1,194	$ 786,377
Nomura Asset Acceptance Corp. Series 2004-AR4		
Class 2A3, 0.773%, 12/25/34 (d)	62	29,983
Salomon Brothers Mortgage Securities VI, Inc. Series		
1987-3 Class A, 12.50%, 10/23/17 (j)	5	4,959
Structured Adjustable Rate Mortgage Loan Trust Series		
2004-11 Class A, 5.043%, 8/25/34 (d)	388	386,675
Vendee Mortgage Trust Series 2002-1, 0.043%,		
10/15/31 (d)(g)	9,688	8,428
WaMu Mortgage Pass-Through Certificates Series		
2005-AR4 Class A3, 4.585%, 4/25/35 (d)	815	758,391
Wells Fargo Mortgage Backed Securities Trust Series		
2004-N Class A6, 4%, 8/25/34 (d)	500	497,424
Total Non-U.S. Government Sponsored Agency		
Mortgage-Backed Securities 7.2%		2,472,237
U.S. Government Sponsored Agency Obligations		
Fannie Mae, 5.964%, 10/09/19 (f)(k)	50,000	25,505,500
Total U.S. Government Sponsored Agency		
Obligations 74.8%		25,505,500
Total Long-Term Investments		
(Cost $35,519,186) 98.0%		33,425,582
Short-Term Securities	**Shares**	
Money Market Fund 8.1%		
BlackRock Liquidity Funds, TempFund, 0.64% (l)(m)	2,780,000	2,780,000
Total Short-Term Securities		
(Cost $2,780,000) 8.1%		2,780,000
Total Investments (Cost $38,299,186*) 106.1%		36,205,582
Liabilities in Excess of Other Assets (6.1)%		(2,094,680)
Net Assets 100.0%		$ 34,110,902

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 38,299,186
Gross unrealized appreciation	$ 172,777
Gross unrealized depreciation	(2,266,381)
Net unrealized depreciation	$ (2,093,604)

(a) Non-income producing security.
(b) Issuer filed for bankruptcy and/or is in default of interest payments.
(c) Security exempt from registration under Rule 144A of the Securities Act of 1933.
These securities may be resold in transactions exempt from registration to qualified
institutional investors.
(d) Variable rate security. Rate shown is as of report date.

See Notes to Financial Statements.

Schedule of Investments (concluded) BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

(e) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.
(f) All or a portion of security has been pledged as collateral for reverse repurchase agreements.
(g) Represents the interest-only portion of a mortgage-backed security and has either a nominal or notional amount of principal.
(h) Security is collateralized by Municipal or US Treasury Obligations.
(i) NPFGC Insured.
(j) Represents the principal only portion of a mortgage-backed security.
(k) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
(l) 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	Income
BlackRock Liquidity Funds, TempFund	2,780,000	$3,712

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

Reverse repurchase agreements outstanding as of April 30, 2009 were as follows:

Counterparty	Interest Rate	Trade Date	Maturity Date	Net Closing Amount	Face Amount
Barclays Bank Plc	0.35%	2/19/09	Open	$ 1,749,632	$ 1,748,425
Credit Suisse International	1.25%	1/29/09	Open	525,875	524,219
Total				$ 2,275,507	$ 2,272,644

Financial futures contracts sold as of April 30, 2009 were as follows:

Contracts	Issue	Expiration Date	Face Value	Unrealized Depreciation
289	10-Year U.S. Treasury Bond	June 2009	$34,703,522	$ (247,416)

Interest rate swaps outstanding as of April 30, 2009 were as follows:

Fixed Rate	Floating Rate	Counterparty	Expiration	Notional Amount (000)	Unrealized Appreciation
2.745%[(a)]	3-month LIBOR	Credit Suisse International	October 2010	$ 2,100	$ 45,894
2.743%[(a)]	3-month LIBOR	Deutsche Bank AG	October 2010	$ 2,100	45,971

Total	$ 91,865

(a) Fund pays floating interest rate and receives fixed rate.

Effective November 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)
The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.
The following table summarizes the inputs used as of April 30, 2009 in determining the fair valuation of the Fund s investments:

Valuation Inputs	**Investments in Securities**	**Other Financial Instruments***	
	Assets	**Assets**	**Liabilities**
Level 1	$ 2,780,000		$ (247,416)
Level 2	32,244,022	$ 91,865	(2,272,644)
Level 3	1,181,560		
Total	$ 36,205,582	$ 91,865	$ (2,520,060)

* Other financial instruments are reverse repurchase agreements, futures and swap contracts. Reverse repurchase agreements are shown at market value. Futures and swap contracts are valued at the unrealized appreciation/ depreciation on the instrument.

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

Investments in

Securities

	Assets
Balance, as of October 31, 2008	$ 80
Accrued discounts/premiums	
Realized gain	404
Change in unrealized appreciation/depreciation[1]	(413,020)
Net sales	(54,123)
Net transfers into Level 3	1,648,219
Balance, as of April 30, 2009	$ 1,181,560

[1] Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

Schedule of Investments April 30, 2009 (Unaudited) BlackRock Enhanced Capital and Income Fund, Inc. (CII)

(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
Aerospace & Defense 4.3%		
Honeywell International, Inc.	154,308	$ 4,815,953
Northrop Grumman Corp.	178,552	8,632,989
Raytheon Co.	230,000	10,402,900
		23,851,842
Air Freight & Logistics 0.3%		
United Parcel Service, Inc. Class B	35,914	1,879,739
Capital Markets 5.0%		
The Bank of New York Mellon Corp.	483,498	12,319,529
Invesco Ltd. (a)	613,600	9,032,192
Morgan Stanley	273,913	6,475,303
		27,827,024
Chemicals 1.9%		
Air Products & Chemicals, Inc.	55,500	3,657,450
E.I. du Pont de Nemours & Co.	251,345	7,012,525
		10,669,975
Communications Equipment 2.6%		
Cisco Systems, Inc. (b)	220,305	4,256,293
Corning, Inc.	268,800	3,929,856
Nokia Oyj (a)	440,000	6,221,600
		14,407,749
Computers & Peripherals 4.3%		
Hewlett-Packard Co.	313,392	11,275,844
International Business Machines Corp.	121,653	12,555,806