

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

FLOATING RATE INCOME STRATEGIES FUND INC

Form N-Q

July 25, 2005

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21413

Name of Fund: Floating Rate Income Strategies Fund, Inc.

Fund Address: P.O. Box 9011  
Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive  
Officer, Floating Rate Income Strategies Fund, Inc., 800 Scudders Mill  
Road, Plainsboro, NJ, 08536. Mailing address: P.O. Box 9011, Princeton,  
NJ, 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 08/31/05

Date of reporting period: 03/01/05 - 05/31/05

Item 1 - Schedule of Investments

Floating Rate Income Strategies Fund, Inc.

Schedule of Investments as of May 31, 2005

Industry*	Face Amount	Floating Rate Loan Interests**
Aerospace & Defense - 2.2%	\$ 1,951,854 2,101,911	K&F Industries, Inc. Term Loan, due 11/18/ MRO Acquisitions Corp. First Lien Term Loa due 8/27/2010 Vought Aircraft Industries, Inc: Term Loan, due 12/22/2011 Tranche B L/C Deposit, due 12/22/2010
	2,933,082 560,000	
Automotive - 3.0%	2,992,500 1,660,870 1,700,078	Affinia Group Tranche B Term Loan, due 11/ Keystone Automotive Operations, Inc. Term due 10/30/2009 NFIL Holdings Corp. Term Loan B, due 2/27/ Tenneco Automotive, Inc.:
	2,896,483 1,272,374	Term Loan B, due 12/12/2010 Tranche B-1 Credit Linked, due 12/12/2

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Broadcasting - 1.4%	2,992,500	Emmis Operating Company Term Loan B, due 12/31/2010
	1,995,000	Gray Television, Inc. Term Incremental, due 12/31/2010
Cable - U.S. - 18.0%	8,000,000	Century Cable Holdings LLC Discretionary Term Loan, due 12/31/2009
	21,090,625	Charter Communications Operating, LLC Term Loan, due 4/07/2011
	3,000,000	DIRECTV Holdings, Inc. Tranche B Term Loan, due 4/13/2013
		Inmarsat Facility Term:
	2,292,136	Loan B, due 1/08/2011
	2,297,523	Loan C, due 1/08/2012
	4,937,500	Insight Midwest Holdings, LLC Term Loan B, due 12/31/2009
	2,992,500	Intelsat Ltd. Term Loan, due 7/28/2011
	2,387,500	Mediacom Broadband Group Tranche A Term Loan, due 3/31/2010
	3,192,000	Mediacom Communications, LLC Tranche B Term Loan, due 3/31/2013
	6,947,289	PanAmSat Corp. Tranche B-1 Term Loan, due 8/20/2011
	5,000,000	SatBirds Capital Participations Second Lien Term Loan, due 9/30/2013
Chemicals - 8.1%	1,980,000	Hercules Inc. Term Loan B, due 10/08/2010
	6,090,310	Huntsman International, LLC Term Loan B, due 12/31/2010
		Invista B.V. New Tranche:
	2,355,088	B-1 Term Loan, due 4/29/2011
	1,021,794	B-2 Term Loan, due 4/29/2011
	735,203	Kraton Polymers Term Loan, due 12/16/2010
	992,500	Lyondell-Citgo Refining Term Loan, due 5/15/2010
	6,658,852	Nalco Co. Tranche B Term Loan, due 11/04/2010
	1,148,293	Pinnacle Polymers (Epsilon Products) Term Loan, due 12/15/2006
	2,000,000	Rockwood Specialties Group, Inc. Tranche D Term Loan, due 12/10/2012
	4,750,000	Wellman, Inc. Second Lien Term Loan, due 2/10/2010
Consumer - Durables - 2.0%		Simmons Co.:
	4,500,000	Term Loan, due 6/19/2012
	2,425,586	Tranche B Term Loan, due 12/19/2011
Consumer - Non-Durables - 1.2%	1,795,103	American Achievement Corp. Term Loan B, due 3/22/2011
	1,500,000	Burt's Bees, Inc. Term Loan, due 3/29/2011
	969,000	Camelbak Products, LLC First Lien Term Loan, due 8/04/2011
Diversified Media - 6.5%	3,580,968	Dex Media West, Inc. Term Loan B, due 3/09/2011

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	1,200,000	Freedom Communications, Inc. Tranche B Term Loan, due 5/01/2013
	4,730,000	Liberty Group Operating Term Loan B, due 2/28/2011
	10,000,000	Metro-Goldwyn-Mayer Studios, Inc. Term Loan, due 4/30/2011
	1,168,692	Primedia, Inc. Term Loan B, due 6/30/2009
	2,092,349	RH Donnelley Tranche D Term Loan, due 8/30/2011
Energy - Other - 1.1%	2,750,000	Dresser, Inc. Term Loan Unsecured, due 2/28/2011
	978,542	Pride Offshore, Inc. Term Loan, due 7/07/2011
Food & Drug - 0.2%	755,740	Alimentation Couche-Tard, Inc. US Term Loan, due 12/17/2010
Food & Tobacco - 5.0%	3,380,298	Constellation Brands Term Loan B, due 11/30/2011
	1,741,250	Doane Pet Care Enterprises, Inc. Term Loan, due 11/05/2009
	5,637,874	Dr. Pepper/Seven Up Bottling Group, Inc. Term Loan, due 12/19/2010
	2,953,518	Meow Mix, Inc. First Lien Term Loan, due 11/30/2011
	2,738,255	Michael Foods, Inc. Term Loan, due 11/21/2011
	880,833	Pierre Foods, Inc. Term Loan B, due 6/30/2011
Gaming - 3.6%	1,985,000	Boyd Gaming Corp. Term Loan, due 6/30/2011
	1,018,029	Global Cash Access LLC Term Loan B, due 3/31/2011
	1,980,037	Green Valley Ranch Gaming, LLC Term Loan, due 12/22/2010
	990,000	Isle of Capri Black Hawk LLC Term Loan C, due 12/31/2007
	1,800,000	Pinnacle Entertainment, Inc. New Term Loan, due 8/27/2010
	1,500,000	Trump Entertainment Resorts Holdings, LP Term Loan B-1, due 5/01/2012
	3,100,000	Venetian Casino Resort, LLC Term Loan B Full, due 6/15/2011
Health Care - 5.3%	2,786,000	Community Health Systems, Inc. Term Loan, due 8/19/2011
	1,968,750	HealthSouth Corp.: Term Loan, due 3/08/2010
	531,250	Tranche B Term Loan, due 3/08/2010
	4,950,000	LifePoint Hospitals, Inc. Term Loan B, due 11/30/2011
	3,750,000	Orthofix International NV Term Loan B, due 12/15/2008
	681,555	Rotech Healthcare, Inc. Term Loan B, due 3/31/2011
	3,648,069	Triad Hospitals Holdings, Inc. Term Loan B, due 9/30/2008
Housing - 3.9%	2,095,291	General Growth Properties, Inc. Tranche B Term Loan, due 11/12/2008
	3,112,541	Headwaters, Inc. Term Loan B-1, due 4/30/2011
	1,078,149	Juno Lighting, Inc. First Lien Term Loan, due 11/30/2011

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	2,481,250	Nortek, Inc., Term Loan, due 8/27/2011
	4,615,000	PGT Industries, Inc. First Lien Term Loan, due 1/31/2009
Information Technology - 2.6%	3,700,000	Fidelity National Information Solutions, Inc. Term Loan B, due 3/09/2013
	2,000,000	Telcordia Technologies Inc. Term Loan, due 9/15/2012
	3,368,750	VUTEK Inc. Term Loan, due 6/25/2010
Leisure - 1.9%	4,458,609	24 Hour Fitness Worldwide Term Loan B, due 7/01/2009
	2,000,000	Wyndham International, Inc. First Lien Term Loan, due 5/10/2011
Manufacturing - 4.6%	2,222,222	Communications & Power Industries, Inc. Term Loan, due 7/23/2010
	1,875,000	High Voltage Engineering Corp. Term Loan A, due 7/31/2006
	2,000,000	Invensys International Holdings Ltd. Second Lien Term Loan, due 12/04/2009
	568,784	Itron, Inc. Tranche C Term Loan, due 12/17/2010
	3,066,771	Mueller Group, Inc. Initial Term Loan, due 12/17/2010
	5,525,000	Sensus Metering Systems Inc. Term Loan: B-1, due 12/17/2010
	828,750	B-2, due 12/19/2010
Packaging - 4.3%	6,066,778	Berry Plastics Corp. Term Loan, due 7/22/2011
	2,992,500	Graham Packaging Co. LP Term Loan B, due 10/07/2011
	1,990,000	Intertape Polymer US Inc. Term Loan B, due 10/07/2011
	3,240,129	Owens-Illinois Group Inc.: French Tranche C-1 Term Loan, due 4/01/2008
	525,619	Term Loan B-1, due 4/01/2008
Paper - 2.2%	1,800,000	Boise Cascade Holdings, LLC Tranche B Term Loan, due 10/28/2011
	966,667	SP Newsprint Co.: Tranche B Line of Credit, due 1/09/2011
	474,583	Tranche B Term Loan, due 1/09/2010
	1,006,071	Tranche B-1 Credit Linked Deposit, due 1/09/2010
	493,929	Tranche B-1 Term Loan, due 1/09/2010
	2,288,382	Smurfit Stone Container Corp.: Tranche B, due 11/01/2011
	704,118	Tranche C, due 11/01/2011
Retail - 1.0%	1,750,000	American Reprographics Co., LLC Second Lien Term Loan, due 12/18/2009
	1,700,082	General Nutrition Centers, Inc. Tranche B Term Loan, due 12/05/2009

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Service - 2.8%		Baker Tanks, Inc.:
	346,786	Tl Ci Pr, due 1/30/2011
	2,089,109	Term Loan, due 1/30/2011
	2,878,250	Buhrmann US, Inc. Term C-1 Facility, due 1/30/2011
	2,487,966	Coinstar, Inc. Term, due 7/07/2011
		United Rentals, Inc.:
	1,650,000	Term Loan, due 2/14/2011
	333,333	Tranche B, Credit-Linked Deposit, due 1/30/2011
Telecommunications - 2.1%	2,178,000	Consolidated Communications, Inc. Term Loan, due 10/14/2011
		WilTel Communications, LLC:
	3,581,053	First Lien Term Loan, due 6/30/2011
	1,800,000	Second Lien Term Loan, due 12/31/2010
Utility - 11.5%	1,571,429	AES Corp. Term Loan, due 4/30/2008
	4,927,274	Calpine Corp. Second Lien Term Loan, due 7/15/2011
		Calpine Generating Co. LLC:
	1,500,000	First Priority Term Loan, due 4/01/2009
	2,500,000	Second Priority Term Loan, due 3/11/2009
	4,700,000	Cogentrix Delaware Holdings, Inc. Term Loan, due 4/15/2012
	2,779,000	Dynegy Holdings, Inc. Term Loan, due 5/27/2011
		El Paso Corp.:
	1,425,000	Deposit Account, due 11/23/2009
	2,356,000	Term Loan, due 11/23/2009
	5,000,000	KGen LLC Tranche A Term Loan, due 8/05/2011
	452,226	Midwest Generation LLC Term Loan C, due 4/15/2012
		NRG Energy:
	700,000	Credit Linked Deposit, due 12/24/2007
	897,750	Term Loan, due 12/24/2011
	2,475,000	Quanta Services, Inc. Credit Linked Deposit, due 6/19/2008
	3,092,250	Reliant Energy, Inc. Term Loan, due 4/30/2011
		Texas Genco LLC:
	2,046,154	Delayed Draw Term Loan, due 12/14/2011
	4,941,461	Initial Term Loan, due 12/14/2011
Wireless Communications - 2.3%	2,320,625	Centennial Cellular Operating Co. Term Loan, due 2/09/2011
	5,758,987	SBA Senior Finance, Inc. Tranche C Term Loan, due 10/31/2008

Total Floating Rate Loan Interests  
(Cost - \$338,489,232) - 96.8%

Corporate Bonds

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Airlines - 0.6%	1,700,000 3,550,000	Delta Air Lines, Inc.: 7.90% due 12/15/2009 2.875% due 2/18/2024 (b) (e)
Automotive - 0.3%	250,000 700,000	Delco Remy International, Inc., 7.141% due 4/15/2009 (c) Tenneco Automotive, Inc., 8.625% due 11/15/2010
Broadcasting - 2.5%	4,000,000 4,750,000 250,000	Granite Broadcasting Corp., 9.75% due 12/01/2010 Paxson Communications Corp., 5.891% due 1/15/2010 (b) (c) XM Satellite Radio, Inc., 8.71% due 5/01/2010
Cable - International - 1.0%	3,000,000 375,000	NTL Cable Plc: 8.141% due 10/15/2012 (c) 8.75% due 4/15/2014
Cable - U.S. - 1.8%	850,000 750,000 500,000 350,000 250,000 3,000,000	Inmarsat Finance Plc, 7.625% due 6/30/2012 Intelsat Bermuda Ltd. (b): 7.805% due 1/15/2012 (c) 8.25% due 1/15/2013 Mediacom Broadband LLC, 11% due 7/15/2013 New Skies Satellites, BV, 8.539% due 11/01/2010 Rainbow National Services LLC, 10.375% due 9/01/2014 (b)
Chemicals - 2.8%	1,950,000 2,186,000 5,000,000	Crompton Corp., 9.164% due 8/01/2010 (c) GEO Specialty Chemicals, Inc., 11.593% due 12/31/2009 (b) (e) PolyOne Corp., 10.625% due 5/15/2010
Consumer - Non-Durables - 0.8%	250,000 2,000,000 350,000	Elizabeth Arden, Inc., 7.75% due 1/15/2014 Playtex Products, Inc., 8% due 3/01/2011 Samsonite Corp., 8.875% due 6/01/2011
Diversified Media - 0.1%	250,000 250,000	CanWest Media, Inc., 8% due 9/15/2012 (b) Universal City Florida Holding Co. I, 7.96% due 5/01/2010 (c)
Energy - Exploration & Production - 0.1%	250,000	Belden & Blake Corp., 8.75% due 7/15/2012
Energy - Other - 0.1%	250,000	Aventine Renewable Energy Holdings, Inc., due 12/15/2011 (b) (c)
Food & Drug - 0.1%	275,000	Duane Read Inc., 7.51% due 12/15/2010 (b) (c)

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Food & Tobacco - 1.3%	250,000 3,000,000 1,050,000	AmeriQual Group LLC, 9% due 4/01/2012 (b) Smithfield Foods, Inc., 7% due 8/01/2011 The Wornick Co., 10.875% due 7/15/2011
Gaming - 3.0%	5,000,000 250,000 325,000 4,000,000 775,000	Majestic Star Casino LLC, 9.50% due 10/15/ Mohegan Tribal Gaming Authority, 7.125% due 8/15/2014 River Rock Entertainment Authority, 9.75% due 11/01/2011 Station Casinos, Inc.: 6% due 4/01/2012 6.50% due 2/01/2014
Health Care - 0.2%	575,000	U.S. Oncology, Inc., 9% due 8/15/2012
Housing - 0.1%	450,000	Nortek, Inc. 8.50% due 9/01/2014
Hybrid - 1.4%	4,885,000	Dow Jones CDX.NA.HY.3 Trust 3 December 200 8% due 12/29/2009 (b)
Information Technology - 1.9%	2,050,000 4,625,000 300,000	Freescal Semiconductor, Inc., 5.891% due MagnaChip SemiConductor SA, 6.26% due 12/15/2011 (b) (c) Telcordia Technologies Inc., 10% due 3/15/
Leisure - 1.8%	5,400,000 1,000,000	Felcor Lodging LP, 7.78% due 6/01/2011 (c) True Temper Sports, Inc., 8.375% due 9/15/
Manufacturing - 1.6%	250,000 2,500,000 325,000 2,900,000	Altra Industrial Motion, Inc., 9% due 12/0 Case New Holland, Inc., 6% due 6/01/2009 ( ERICO International Corp., 8.875% due 3/01 Invensys Plc, 9.875% due 3/15/2011 (b)
Metal - Other - 0.2%	700,000	Novelis, Inc., 7.25% due 2/15/2015 (b)
Packaging - 0.7%	1,550,000 250,000 600,000 725,000	Consolidated Container Co. LLC, 10.75% due 6/15/2009 (a) Constar International, Inc., 6.643% due 2/15/2012 (b) (c) Tekni-Plex, Inc., 8.75% due 11/15/2013 (b) Wise Metals Group LLC, 10.25% due 5/15/2012
Paper - 2.1%	2,650,000 700,000 250,000 925,000 2,912,000	Abitibi-Consolidated, Inc., 6.51% due 6/15/ Ainsworth Lumber Co. Ltd., 6.84% due 10/01 Boise Cascade LLC, 6.016% due 10/15/2012 ( NewPage Corp., 9.46% due 5/01/2012 (b) (c) Western Forest Products, Inc., 15% due 7/28/2009 (b) (d)

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Retail - 0.4%	1,300,000	Jean Coutu Group, Inc., 8.50% due 8/01/2013
Service - 2.0%	3,375,000	Allied Waste North America, Inc. Series B, due 4/15/2004
	2,000,000	Sunstate Equipment Co. LLC, 10.50% due 4/01/2013
	2,000,000	United Rentals North America, Inc., 7.75% due 11/15/2013
Steel - 2.4%	3,000,000	CSN Islands VIII Corp., 9.75% due 12/16/2010
	5,000,000	Ispat Inland ULC, 9.85% due 4/01/2010 (c)
Telecommunications - 4.3%	6,000,000	Cincinnati Bell, Inc., 8.375% due 1/15/2011
	3,700,000	Qwest Communications International Inc., 6.50% due 2/15/2009 (b) (c)
	2,000,000	Terremark Worldwide Inc, 9% due 6/15/2009
	3,500,000	Time Warner Telecom Holdings, Inc., 7.268% due 2/15/2011 (c)
Transportation - 1.5%	5,000,000	Grupo Transportacion Ferroviaria Mexicana C.V., 9.375% due 5/01/2012 (b)
Utility - 2.2%	2,000,000	Aquila, Inc., 7.625% due 11/15/2009
	3,000,000	Calpine Canada Energy Finance Ulc, 8.50% due 5/01/2008
	3,000,000	Calpine Corp., 9.875% due 12/01/2011 (b)
	1,675,000	Reliant Energy, Inc. 6.75% due 12/15/2014
	250,000	Sierra Pacific Resources, 8.625% due 3/15/2012
Wireless Communications - 1.6%	3,250,000	Rogers Wireless Communications, Inc.: 6.135% due 12/15/2010 (c)
	1,100,000	7.25% due 12/15/2012
	250,000	8% due 12/15/2012
	250,000	Rural Cellular Corp., 7.51% due 3/15/2010
	350,000	SBA Communications Corp., 8.50% due 12/01/2012
	250,000	SBA Telecommunications, Inc., 9.75% due 12/15/2012
		Total Corporate Bonds
		(Cost - \$136,213,280) - 38.9%
	Shares Held	Common Stocks
Chemicals - 0.1%	13,117	GEO Specialty Chemicals, Inc. (b) (f)
Energy - Other - 0.8%	160,000	Trico Marine Services, Inc. (f)
Paper - 0.1%	84,448	Western Forest Products, Inc. (f)
		Total Common Stocks (Cost - \$3,575,482) -



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	Beneficial Interest	Short-Term Securities
\$	4,889,396	Merrill Lynch Liquidity Series, LLC Cash Sweep Series I (g)
		Total Short-Term Securities (Cost - \$4,889,396) - 1.4%
		Total Investments (Cost - \$483,167,390***) Liabilities in Excess of Other Assets - (3
		Net Assets - 100.0%

\* For Fund compliance purposes, "Industry" means any one or more of the industry sub-classification one or more widely recognized market indexes or ratings group indexes, and/or as defined by F This definition may not apply for purposes of this report, which may combine such industry sub for reporting ease.

\*\* Floating rate loan interests in which the Fund invests generally pay interest at rates that are redetermined by reference to a base lending rate plus a premium. These base lending rates are (i) the lending rate offered by one or more major European banks, such as LIBOR (London Inter (ii) the prime rate offered by one or more major U.S. banks or (iii) the certificate of deposit

\*\*\* The cost and unrealized appreciation (depreciation) of investments as of May 31, 2005, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 483,185,215
	=====
Gross unrealized appreciation	\$ 6,875,999
Gross unrealized depreciation	(6,675,409)
	-----
Net unrealized appreciation	\$ 200,590
	=====

- (a) Represents a step bond; the interest rate shown reflects the effective yield at the time of purchase.
- (b) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (c) Floating rate note.
- (d) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares.
- (e) Convertible security.
- (f) Non-income producing security.
- (g) Investments in companies considered to be an affiliate of the Fund (such companies are defined as "Affiliated Companies" in Section 2(a)(3) of the Investment Company Act of 1940) were as follows:

Affiliate	Net Activity	Interest Income
Merrill Lynch Liquidity Series, LLC Cash Sweep Series I	\$ (1,465,174)	\$ 32,186

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Swap contracts outstanding as of May 31, 2005 were as follows:

	Notional Amount	Unrealized Depreciation
Sold credit default protection on General Motors Corp. and receive 4.4%		
Broker, Morgan Stanley Capital Services, Inc. Expires June 2007	\$ 3,000,000	\$ (57,912)

Item 2 - Controls and Procedures

- 2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
- 2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Floating Rate Income Strategies Fund, Inc.

By: /s/ Robert C. Doll, Jr.  
-----  
Robert C. Doll, Jr.  
Chief Executive Officer  
Floating Rate Income Strategies Fund, Inc.

Date: July 15, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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By: /s/ Robert C. Doll, Jr.  
-----  
Robert C. Doll, Jr.  
Chief Executive Officer  
Floating Rate Income Strategies Fund, Inc.

Date: July 15, 2005

By: /s/ Donald C. Burke  
-----  
Donald C. Burke  
Chief Financial Officer  
Floating Rate Income Strategies Fund, Inc

Date: July 15, 2005