

BLACKROCK DEBT STRATEGIES FUND, INC.
Form N-CSRS
November 05, 2009

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

FORM N-CSRS

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT
COMPANIES**

Investment Company Act file number 811-08603

Name of Fund: BlackRock Debt Strategies Fund, Inc. (DSU)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock Debt Strategies Fund, Inc., 40 East 52nd Street,
New York, NY 10022.

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

Date of fiscal year end: 02/28/2010

Date of reporting period: 08/31/2009

Item 1 – Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Semi-Annual Report

AUGUST 31, 2009 | (UNAUDITED)

BlackRock Corporate High Yield Fund, Inc. (COY)

BlackRock Corporate High Yield Fund III, Inc. (CYE)

BlackRock Debt Strategies Fund, Inc. (DSU)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)

BlackRock Senior High Income Fund, Inc. (ARK)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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Dear Shareholder

The past 12 months reveal two distinct economic and market backdrops – one of extreme investor pessimism and decided weakness, and another of increased optimism amid growing signs of recovery. The start of the period was characterized by the former. September through December 2008 saw the surge of the economic storm that sparked the worst recession in decades. The months featured, among others, the infamous collapse of Lehman Brothers, uniformly poor economic data and plummeting investor confidence that resulted in massive government intervention (on a global scale) in the financial system and the economy. The tide turned dramatically in March 2009, however, on the back of new US government initiatives, as well as better-than-expected economic data and upside surprises in corporate earnings.

In this environment, US equities contended with extraordinary volatility, posting steep declines through mid-March before embarking on a rally that resulted in strong year-to-date returns for all major indexes. June saw a brief correction, though it appeared to be induced more by profit-taking and portfolio rebalancing than by a change in the economic outlook. The experience in international markets was similar to that in the United States. Notably, emerging markets staged a strong comeback in 2009 as these areas of the globe have generally seen a stronger acceleration in economic activity.

In fixed income markets, the flight-to-safety premium in Treasury securities prevailed during the equity market downturn, but more recently, ongoing concerns about deficit spending, debt issuance, inflation and dollar weakness have kept Treasury yields higher. At the same time, relatively attractive yields and distressed valuations among non-Treasury assets, coupled with a more favorable macro environment, drew in sidelined investors and triggered a sharp recovery in these sectors. This was particularly evident in the high yield sector, which has firmly outpaced all other taxable asset classes since the start of 2009. The municipal bond market enjoyed strong returns in 2009 as well, buoyed by a combination of attractive valuations, robust retail investor demand and a slowdown in forced selling. Moreover, the Build America Bond program has alleviated supply pressures, creating a more favorable technical environment. In particular, August marked the municipal market's best monthly performance in more than 20 years, as the asset class has regained year-to-date all that was lost during 2008.

Overall, results for the major benchmark indexes were mixed. Higher-risk assets (i.e., equities and high yield bonds) and Treasuries reflected a bifurcated market, while less-risky fixed income investments posted stable, modest returns.

Total Returns as of August 31, 2009	6-month	12-month
US equities (S&P 500 Index)	40.52%	(18.25)%
Small cap US equities (Russell 2000 Index)	48.25	(21.29)
International equities (MSCI Europe, Australasia, Far East Index)	53.47	(14.95)
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index*)	(1.61)	6.77
Taxable fixed income (Barclays Capital US Aggregate Bond Index)	5.95	7.94
Tax-exempt fixed income (Barclays Capital Municipal Bond Index)	5.61	5.67
High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)	36.31	7.00

* Formerly a Merrill Lynch Index.

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

The market environment has visibly improved since the beginning of the year, but a great deal of uncertainty and risk remain. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. We invite you to visit www.blackrock.com/funds for our most current views on the economy and financial markets. As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

Announcement to Shareholders

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). At a special meeting held on August 6, 2009, BlackRock's proposed purchase of BGI was approved by an overwhelming majority of Barclays' voting shareholders, an important step toward closing the transaction. 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 scheduled to be completed in the fourth quarter of 2009, subject to important fund shareholder and regulatory approvals.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of August 31, 2009

BlackRock Corporate High Yield Fund, Inc.

Investment Objective

BlackRock Corporate High Yield Fund, Inc. (COY) (the Fund) seeks to provide shareholders with current income with a secondary objective of providing shareholders with capital appreciation. The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of fixed-income securities that are rated below investment grade by the established rating services (Ba or lower by Moody's Investors Service, Inc. (Moody's) or BB or lower by Standard & Poor's Corporation (S&P's)) or are unrated securities of comparable quality.

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

Performance

For the six months ended August 31, 2009, the Fund returned 66.35% based on market price and 49.85% based on net asset value (NAV). For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 50.49% on a market price basis and 40.06% on a NAV basis. During the period, the Fund moved from a discount to a premium to NAV, which accounts for the difference between performance based on price and performance based on NAV. The period featured the largest six-month rise in high yield market history, providing a good environment for bottom-up security selection, with no emphasis on any one sector. We gradually decreased cash and increased the Fund's risk as market conditions dictated. Overall, there was a wide dispersion of returns among the Fund's Lipper competitors, as many funds did well while others struggled with credit issues or retained too defensive a strategy. Security selection was the primary contributor to performance during the period. The Fund maintains a 16% position in floating rate loan interests, which detracted as these securities underperformed high yield corporate bonds. During the period, the Fund moved from a larger cash balance to a balance of less than 3%, which has benefited performance in the rising market.

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 (NYSE)	COY
Initial Offering Date	June 25, 1993
Yield on Closing Market Price as of August 31, 2009 (\$6.06) ¹	12.08%
Current Monthly Distribution per Share ²	\$0.061
Current Annualized Distribution per Share ²	\$0.732
Leverage as of August 31, 2009 ³	16%

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.

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³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

	8/31/09	2/28/09	Change	High	Low
Market Price	\$6.06	\$3.91	54.99%	\$6.28	\$3.20
Net Asset Value	\$5.85	\$4.19	39.62%	\$5.87	\$3.97

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

Portfolio Composition

	8/31/09	2/28/09
Corporate Bonds	82%	82%
Floating Rate Loan Interests	16	16
Common Stocks	2	1
Non-Agency Mortgage-Backed Securities		1

Credit Quality Allocations⁴

	8/31/09	2/28/09
BBB/Baa	5%	4%
BB/BB	31	31
B/B	37	47
CCC/Caa	21	12
CC/Ca	2	1
D	1	
Not Rated	3	5

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

Fund Summary as of August 31, 2009

BlackRock Corporate High Yield Fund III, Inc.

Investment Objective

BlackRock Corporate High Yield Fund III, Inc. (CYE) (the Fund) seeks to provide shareholders with current income by investing primarily in a diversified portfolio of fixed income securities that are rated in the lower rating categories of the established rating services (Ba or lower by Moody's or BB or lower by S&P's) or are unrated securities of comparable quality.

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

Performance

For the six months ended August 31, 2009, the Fund returned 68.87% based on market price and 52.83% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 50.49% on a market price basis and 40.06% 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 period featured the largest six-month rise in high yield market history, providing a good environment for bottom-up security selection, with no emphasis on any one sector. We gradually decreased cash and increased the Fund's risk as market conditions have dictated. Overall, there was a wide dispersion of returns among the Fund's Lipper competitors, as many funds did well while others struggled with credit issues or retained too defensive a strategy. Security selection was the primary contributor to performance during the period. The Fund maintains a 16% position in floating rate loan interests, which detracted as these securities underperformed high yield corporate bonds. During the period, the Fund moved from a larger cash balance to a balance of less than 1%, which has benefited performance in the rising market.

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Fund Information

Symbol on NYSE	CYE
Initial Offering Date	January 30, 1998
Yield on Closing Market Price as of August 31, 2009 (\$5.62) ¹	11.74%
Current Monthly Distribution per Share ²	\$0.055
Current Annualized Distribution per Share ²	\$0.660
Leverage as of August 31, 2009 ³	18%

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.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

	8/31/09	2/28/09	Change	High	Low
Market Price	\$5.62	\$3.57	57.42%	\$5.82	\$3.05
Net Asset Value	\$5.77	\$4.05	42.47%	\$5.78	\$3.83

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

Portfolio Composition

	8/31/09	2/28/09
Corporate Bonds	81%	82%
Floating Rate Loan Interests	16	16
Non-Agency Mortgage-Backed Securities		1
Common Stocks	3	1

Credit Quality Allocations⁴

	8/31/09	2/28/09
AAA/Aaa		1%
BBB/Baa	4%	5
BB/Ba	31	30
B/B	35	46
CCC/Caa	22	14
CC/Ca	3	1
D	1	
Not Rated	4	3

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

Fund Summary as of August 31, 2009

BlackRock Debt Strategies Fund, Inc.

Investment Objective

BlackRock Debt Strategies Fund, Inc. (DSU) (the Fund) seeks to provide current income by investing primarily in a diversified portfolio of US companies' debt instruments, including corporate loans, that are rated in the lower rating categories of the established rating services (Ba or lower by Moody's or BB or lower by S&P's) or unrated debt instruments of comparable quality.

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

Performance

For the six months ended August 31, 2009, the Fund returned 74.49% based on market price and 51.87% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 50.49% on a market price basis and 40.06% on a NAV basis. All returns reflect reinvestment of dividends. The Fund moved from a discount to a premium to NAV, which accounts for the difference between performance based on price and performance based on NAV. The Fund benefited from a slight bias to lower-quality credits, which outperformed higher-quality credits during the six months. Unlike its Lipper peers, the Fund invests in floating rate loan interests as well as high yield bonds. Loans underperformed bonds for the period; consequently, the Fund's 41% average allocation to loans detracted from relative performance. The Fund also maintained a relatively low level of leverage (less than 15%), which detracted in the strong market environment. During the period, the Fund moved from a larger cash balance to a balance of less than 1%, which has benefited performance in the rising market.

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Fund Information

Symbol on NYSE	DSU
Initial Offering Date	March 27, 1998
Yield on Closing Market Price as of August 31, 2009 (\$3.35) ¹	12.72%
Current Monthly Distribution per Share ²	\$0.0355
Current Annualized Distribution per Share ²	\$0.4260
Leverage as of August 31, 2009 ³	12%

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 A change in the distribution rate was declared on September 1, 2009. The Monthly Distribution per Share was decreased to \$0.031. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

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³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

	8/31/09	2/28/09	Change	High	Low
Market Price	\$3.35	\$2.07	61.84%	\$3.58	\$1.63
Net Asset Value	\$3.31	\$2.35	40.85%	\$3.31	\$2.21

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

Portfolio Composition

	8/31/09	2/28/09
Corporate Bonds	55%	53%
Floating Rate Loan Interests	41	43
Common Stocks	4	3
Non-Agency Mortgage-Backed Securities		1

Credit Quality Allocations⁴

	8/31/09	2/28/09
BBB/Baa	1%	9%
BB/Ba	26	
B/B	38	59
CCC/Caa	16	21
CC/Ca	4	4
C/C	2	
D	2	1
Not Rated	11	6

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

Fund Summary as of August 31, 2009

BlackRock Floating Rate Income Strategies Fund II, Inc.

Investment Objective

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) (the Fund) seeks a high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments.

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

Performance

For the six months ended August 31, 2009, the Fund returned 46.51% based on market price and 42.76% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 54.27% on a market price basis and 37.19% 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 benefited from a slight bias to lower-quality credits, which outperformed higher-quality in 2009, and a 27% allocation to high yield corporate bonds, which outperformed floating rate loan interests. The Fund's relatively low level of leverage (around 16%) detracted in the strong market environment. During the period, the Fund moved from a larger cash balance to a balance of less than 2%, which has benefited performance in the rising market.

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Fund Information

Symbol on NYSE	FRB
Initial Offering Date	July 30, 2004
Yield on Closing Market Price as of August 31, 2009 (\$11.45) ¹	9.78%
Current Monthly Distribution per Share ²	\$0.09335
Current Annualized Distribution per Share ²	\$1.12020
Leverage as of August 31, 2009 ³	16%

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 A change in the distribution rate was declared on September 1, 2009. The Monthly Distribution per Share was decreased to \$0.081. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

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	8/31/09	2/28/09	Change	High	Low
Market Price	\$ 11.45	\$ 8.28	38.29%	\$ 11.66	\$ 7.16
Net Asset Value	\$ 12.02	\$ 8.92	34.75%	\$ 12.02	\$ 8.58

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

Portfolio Composition

	8/31/09	2/28/09
Floating Rate Loan Interests	73%	71%
Corporate Bonds	27	28
Non-Agency Mortgage-Backed Securities		1

Credit Quality Allocations⁴

	8/31/09	2/28/09
BBB/Baa	7%	15%
BB/Ba	42	8
B/B	36	57
CCC/Caa	9	15
CC/Ca	1	2
D	1	1
Not Rated	4	2

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

Fund Summary as of August 31, 2009

BlackRock Senior High Income Fund, Inc.

Investment Objective

BlackRock Senior High Income Fund, Inc. (ARK) (the Fund) seeks to provide shareholders with as high a level of current income as is consistent with its investment policies and prudent investment management by investing principally in senior debt obligations of companies, including corporate loans made by banks and other financial institutions and both privately placed and publicly offered corporate bonds and notes.

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

Performance

For the six months ended August 31, 2009, the Fund returned 51.37% based on market price and 43.72% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 50.49% on a market price basis and 40.06% 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 benefited from a slight bias to lower-quality credits, which outperformed higher-quality credits. Unlike its Lipper peers, the Fund invests in floating rate loan interests as well as high yield corporate bonds. Loans underperformed bonds for the period; consequently, the Fund's 40% average allocation to floating rate loan interests detracted from relative performance. The Fund also maintained a relatively low level of leverage (less than 15%), which detracted in the strong market environment. During the period, the Fund moved from a larger cash balance to a balance of less than 1%, which has benefited performance in the rising market.

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Fund Information

Symbol on NYSE	ARK
Initial Offering Date	April 30, 1993
Yield on Closing Market Price as of August 31, 2009 (\$3.18) ¹	9.43%
Current Monthly Distribution per Common Share ²	\$0.025
Current Annualized Distribution per Common Share ²	\$0.300
Leverage as of August 31, 2009 ³	8%

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.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

	8/31/09	2/28/09	Change	High	Low
Market Price	\$ 3.18	\$ 2.21	43.89%	\$ 3.35	\$ 1.78
Net Asset Value	\$ 3.47	\$ 2.54	36.61%	\$ 3.47	\$ 2.41

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

Portfolio Composition

	8/31/09	2/28/09
Corporate Bonds	55%	55%
Floating Rate Loan Interests	43	44
Common Stock	2	
Non-U.S. Government Agency Mortgage-Backed Securities		1

Credit Quality Allocations⁴

	8/31/09	2/28/09
BBB/Baa	5%	2%
BB/Ba	27	22
B/B	40	59
CCC/Caa	19	8
CC/Ca	1	3
D	3	1
Not Rated	5	5

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. However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage through borrowings or issuance of short-term debt. 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 shareholders will benefit from the incremental net income.

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

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

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

Furthermore, the value of the 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 debt securities do 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 income to the Funds and shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in each 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, each 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, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. A Fund may be required to sell portfolio securities at inopportune times at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments which may cause a Fund to incur losses. The use of leverage may limit a Fund's ability to invest in certain types of securities or use certain types of hedging strategies. A Fund will incur expenses in connection with the use of leverage, all of which are borne by the shareholders and may reduce income.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through a credit facility and the issuance of short-term debt securities up to 33¹/₃% of their total managed assets. As of August 31, 2009, the Funds had outstanding leverage from credit facility borrowings as a percentage of total managed assets as follows:

	Percent of Leverage
COY	16%
CYE	18%

DSU	12%
FRB	16%
ARK	8%

Derivative Financial Instruments

The Funds may invest in various derivative instruments, including swap agreements, foreign currency exchange contracts and options, as specified in Note 2 of 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 counterparty to the transaction and illiquidity of the derivative instrument. A Fund's ability to successfully use a derivative instrument depends on the investment 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 distressed values, may limit the amount of appreciation the Funds can realize on an investment or may cause the Funds to hold a security that they might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments August 31, 2009 (Unaudited)

BlackRock Corporate High Yield Fund, Inc. (COY)
 (Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
Building Products 0.7%		
Masonite Worldwide Holdings (a)	35,518	\$ 1,436,703
Capital Markets 0.4%		
E*Trade Financial Corp. (a)	479,000	843,040
Chemicals 0.0%		
Wellman Holdings, Inc. (a)	1,425	356
Communications Equipment 0.8%		
Loral Space & Communications Ltd. (a)	77,483	1,599,249
Containers & Packaging 0.0%		
Smurfit Kappa Plc (a)	3,634	28,637
Electrical Equipment 0.0%		
Medis Technologies Ltd. (a)	67,974	19,373
SunPower Corp. Class B (a)	352	7,529
		26,902
Paper & Forest Products 0.1%		
Ainsworth Lumber Co. Ltd. (a)	37,144	53,608
Ainsworth Lumber Co. Ltd. (a)(b)	41,686	59,972
Western Forest Products, Inc. (a)(b)	41,528	9,863
Western Forest Products, Inc. (a)	147,968	35,142
		158,585
Total Common Stocks 2.0%		4,093,472

Corporate Bonds		Par (000)	
Airlines 1.6%			
American Airlines Pass Through Trust Series 2001-02, 7.86%, 4/01/13	USD	390	372,450
Continental Airlines, Inc.:			
Series 1997-4-B, 6.90%, 7/02/18		674	525,389
Series 2001-1-C, 7.03%, 12/15/12		281	221,711
Series 2003-RJ, 7.88%, 1/02/20		587	384,428
United Air Lines, Inc., 12.75%, 7/15/12		1,750	1,680,000

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3,183,978

Auto Components 1.4%		
Allison Transmission, Inc., 11.00%, 11/01/15 (b)	670	603,000
The Goodyear Tire & Rubber Co.:		
7.86%, 8/15/11	1,355	1,348,225
8.63%, 12/01/11	712	719,120
Lear Corp., 8.75%, 12/01/16 (a)(c)	405	218,700
		2,889,045

Automobiles 0.4%		
Ford Capital BV, 9.50%, 6/01/10	710	702,900

Building Products 0.2%		
Ply Gem Industries, Inc., 11.75%, 6/15/13	580	484,300

Capital Markets 0.5%		
E*Trade Financial Corp. (b):		
12.50%, 11/30/17 (d)	71	71,887
3.43%, 8/31/19 (e)(f)	226	386,178
Marsico Parent Co., LLC, 10.63%, 1/15/16 (a)(c)	1,004	421,680
Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(d)	418	100,337
Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(d)	287	74,609
		1,054,691

Corporate Bonds		Par (000)		Value
Chemicals 1.9%				
American Pacific Corp., 9.00%, 2/01/15	USD	800	\$	722,000
Innophos, Inc., 8.88%, 8/15/14		740		717,800
MacDermid, Inc., 9.50%, 4/15/17 (b)		1,180		991,200
Olin Corp., 8.88%, 8/15/19		275		277,750
Terra Capital, Inc., Series B, 7.00%, 2/01/17		205		193,213
Wellman Holdings, Inc. (e):				
Second Lien Subordinate Note, 10.00%, 1/29/19 (b)		790		790,000
Third Lien Subordinate Note, 5.00%, 1/29/19		246		123,250
				3,815,213

Commercial Services & Supplies 4.0%				
Altegrity, Inc., 10.50%, 11/01/15 (b)		700		579,250
ISS Financing, 11.00%, 6/15/14	EUR	206		381,515
RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)	USD	555		579,975
Scientific Games International, Inc., 9.25%, 6/15/19 (b)		785		804,625
Waste Services, Inc., 9.50%, 4/15/14		2,800		2,772,000
West Corp.:				
9.50%, 10/15/14		700		645,750
11.00%, 10/15/16		2,570		2,370,825
				8,133,940

Construction & Engineering 0.7%		
Dycom Industries, Inc., 8.13%, 10/15/15	1,650	1,435,500

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Construction Materials 1.3%			
Nortek, Inc., 10.00%, 12/01/13		2,020	1,878,600
Texas Industries, Inc., 7.25%, 7/15/13		720	673,200
			2,551,800
Consumer Finance 0.2%			
Ford Motor Credit Co. LLC:			
3.26%, 1/13/12 (g)		195	162,338
7.80%, 6/01/12		200	185,009
8.00%, 12/15/16		170	148,944
			496,291
Containers & Packaging 4.1%			
Berry Plastics Holding Corp., 4.50%, 9/15/14 (g)		1,655	1,191,600
Crown European Holdings SA, 6.25%, 9/01/11	EUR	73	104,653
Graphic Packaging International, Inc.:			
8.50%, 8/15/11	USD	512	510,720
9.50%, 8/15/13		60	60,150
9.50%, 6/15/17 (b)		1,075	1,101,875
Impress Holdings BV, 3.63%, 9/15/13 (b)(g)		390	356,363
Owens Brockway Glass Container, Inc.:			
8.25%, 5/15/13		925	934,250
6.75%, 12/01/14	EUR	152	211,371
Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b)	USD	1,255	401,600
Pregis Corp., 12.38%, 10/15/13		1,130	1,017,000
Rock-Tenn Co., 8.20%, 8/15/11		1,875	1,931,250
Solo Cup Co., 10.50%, 11/01/13 (b)		450	472,500
			8,293,332
Diversified Consumer Services 1.3%			
Service Corp., International, 7.00%, 6/15/17		2,800	2,618,000

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
Diversified Financial Services 7.5%			
Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16	USD	490	\$ 512,050
Bank of America Corp., 5.65%, 5/01/18		700	676,860
CIT Group, Inc., 5.00%, 2/01/15		1,005	565,570
FCE Bank Plc:			
7.875%, 2/15/11	GBP	1,150	1,750,452
7.125%, 1/16/12	EUR	2,850	3,697,637
7.125%, 1/15/13		550	689,924
Series JD, 2.12%, 9/30/09 (g)		250	355,266
GMAC LLC (b):			
7.25%, 3/02/11	USD	1,148	1,077,685
6.88%, 9/15/11		500	461,250
6.88%, 8/28/12		740	643,800
2.56%, 12/01/14 (g)		841	647,570
6.75%, 12/01/14		1,690	1,385,800
8.00%, 11/01/31		1,980	1,529,550
Leucadia National Corp., 8.13%, 9/15/15		1,250	1,225,000
			15,218,414
Diversified Telecommunication Services 5.2%			
Broadview Networks Holdings, Inc., 11.38%, 9/01/12		1,000	860,000
Cincinnati Bell, Inc., 7.25%, 7/15/13		435	421,950
Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b)		1,340	1,360,100
Qwest Communications International, Inc.:			
7.50%, 2/15/14		1,890	1,823,850
3.50%, 11/15/25 (e)		620	613,800
Series B, 7.50%, 2/15/14		1,645	1,587,425
Qwest Corp.:			
3.88%, 6/15/13 (g)		1,350	1,248,750
7.63%, 6/15/15		500	496,250
8.38%, 5/01/16 (b)		400	404,000
Windstream Corp., 8.13%, 8/01/13		1,780	1,780,000
			10,596,125
Electric Utilities 1.1%			
NSG Holdings LLC, 7.75%, 12/15/25 (b)		965	805,775
Tenaska Alabama Partners LP, 7.00%, 6/30/21 (b)		1,730	1,502,580
			2,308,355
Electrical Equipment 0.0%			
UCAR Finance, Inc., 10.25%, 2/15/12		49	47,591
Electronic Equipment, Instruments & Components 0.3%			

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Jabil Circuit, Inc., 7.75%, 7/15/16	280	275,450
Sanmina-SCI Corp., 8.13%, 3/01/16	270	232,875
		508,325

Energy Equipment & Services 0.7%

Compagnie Générale de Géophysique-Veritas:		
7.50%, 5/15/15	195	185,250
7.75%, 5/15/17	300	283,500
North American Energy Partners, Inc., 8.75%, 12/01/11	355	326,600
Transocean, Inc., Series A, 1.63%, 12/15/37 (e)	730	709,925
		1,505,275

Food & Staples Retailing 0.5%

AmeriQual Group LLC, 9.50%, 4/01/12 (b)	750	487,500
Duane Reade, Inc., 11.75%, 8/01/15 (b)	160	161,600
Rite Aid Corp., 9.75%, 6/12/16 (b)	390	412,425
		1,061,525

Corporate Bonds	Par (000)	Value
Food Products 0.5%		
Smithfield Foods, Inc., 10.00%, 7/15/14 (b)	USD 760	\$ 775,200
Tyson Foods, Inc., 10.50%, 3/01/14	270	301,050
		1,076,250

Health Care Equipment & Supplies 2.4%

Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 (d)	900	742,500
DJO Finance LLC, 10.88%, 11/15/14	2,675	2,568,000
Hologic, Inc., 2.00%, 12/15/37 (e)(i)	1,860	1,501,950
		4,812,450

Health Care Providers & Services 1.2%

Community Health Systems, Inc., Series WI, 8.88%, 7/15/15	190	190,712
Tenet Healthcare Corp. (b):		
9.00%, 5/01/15	1,502	1,539,550
10.00%, 5/01/18	622	670,205
		2,400,467

Hotels, Restaurants & Leisure 4.6%

American Real Estate Partners LP, 7.13%, 2/15/13	2,815	2,674,250
Gaylord Entertainment Co., 8.00%, 11/15/13	595	542,938
Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(b)(c)	522	112,230
Harrah's Operating Co., Inc., 10.00%, 12/15/18 (b)	881	616,700
Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/10 (a)(c)	1,425	627,000
Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(c)	1,175	517,000
MGM Mirage, 11.13%, 11/15/17 (b)	780	844,350
Penn National Gaming, Inc., 6.88%, 12/01/11	1,875	1,875,000
San Pasqual Casino, 8.00%, 9/15/13 (b)	925	874,125
Scientific Games Corp., 0.75%, 12/01/24 (e)(i)	270	264,263

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Shingle Springs Tribal Gaming Authority, 9.38%, 6/15/15 (b)	45	31,950
Travelport LLC:		
4.99%, 9/01/14 (g)	145	105,125
9.88%, 9/01/14	190	161,025
Tropicana Entertainment LLC Series WI, 9.63%, 12/15/14 (a)(c)	315	197
Virgin River Casino Corp., 9.00%, 1/15/12 (a)(c)	805	82,513

9,328,666

Household Durables 2.0%

American Greetings Corp., 7.38%, 6/01/16	975	833,625
Beazer Homes USA, Inc.:		
8.38%, 4/15/12	855	645,525
8.13%, 6/15/16	120	74,400
4.63%, 6/15/24 (e)	120	99,000
Jarden Corp., 8.00%, 5/01/16	240	246,000
KB Home:		
6.38%, 8/15/11	29	28,710
9.10%, 9/15/17	320	326,400
Meritage Homes Corp., 6.25%, 3/15/15	250	215,000
Standard Pacific Corp.:		
6.25%, 4/01/14	700	549,500
7.00%, 8/15/15	1,075	843,875
Toll Brothers Finance Corp., 8.91%, 10/15/17	219	243,825

4,105,860

IT Services 1.8%

Alliance Data Systems Corp., 1.75%, 8/01/13 (e)	1,340	1,192,600
First Data Corp.:		
9.88%, 9/24/15	160	136,800
11.25%, 3/31/16 (b)	2,320	1,774,800
SunGard Data Systems, Inc., 10.63%, 5/15/15 (b)	530	547,225

3,651,425

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2009

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Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
Independent Power Producers & Energy Traders 3.6%			
The AES Corp., 8.75%, 5/15/13 (b)	USD	994	\$ 1,008,910
AES Eastern Energy LP Series 99-B, 9.67%, 1/02/29		575	494,500
Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b)		915	910,425
Energy Future Holdings Corp., 11.25%, 11/01/17 (d)		3,498	2,002,248
NRG Energy, Inc.:			
7.25%, 2/01/14		1,525	1,483,063
7.38%, 2/01/16		930	889,313
Texas Competitive Electric Holdings Co. LLC, 10.50%, 11/01/16 (d)		951	527,507
			7,315,966
Industrial Conglomerates 1.7%			
Sequa Corp. (b):			
11.75%, 12/01/15		2,380	1,499,400
13.50%, 12/01/15 (d)		3,636	1,899,829
			3,399,229
Insurance 1.0%			
Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)		1,600	1,460,000
USI Holdings Corp., 4.32%, 11/15/14 (b)(g)		630	486,675
			1,946,675
Leisure Equipment & Products 0.6%			
Brunswick Corp., 11.25%, 11/01/16 (b)		1,070	1,120,825
Life Sciences Tools & Services 0.1%			
Bio-Rad Laboratories, Inc., 8.00%, 9/15/16 (b)		200	204,000
Machinery 0.8%			
AGY Holding Corp., 11.00%, 11/15/14		1,200	948,000
Accuride Corp., 8.50%, 2/01/15 (a)(c)		515	103,000
CPM Holdings, Inc., 10.63%, 9/01/14 (b)		100	101,000
RBS Global, Inc.:			
9.50%, 8/01/14 (b)		205	188,600
8.88%, 9/01/16		420	337,050
			1,677,650
Marine 0.6%			
Horizon Lines, Inc., 4.25%, 8/15/12 (e)		1,090	792,975
Navios Maritime Holdings, Inc., 9.50%, 12/15/14		442	386,750

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1,179,725

Media 10.1%

Affinion Group, Inc.:		
10.13%, 10/15/13	1,255	1,247,156
10.13%, 10/15/13 (b)	355	352,781
CCO Holdings LLC, 8.75%, 11/15/13	515	520,150
CMP Susquehanna Corp., 4.75%, 5/15/14 (b)	150	3,000
CSC Holdings, Inc.:		
8.50%, 4/15/14 (b)	370	375,550
Series B, 7.63%, 4/01/11	325	329,062
Cablevision Systems Corp., Series B, 8.00%, 4/15/12	965	986,712
Catalina Marketing Corp., 10.50%, 10/01/15 (b)(d)	1,970	1,915,825
Charter Communications Holdings II, LLC, 10.25%, 9/15/10 (a)(c)	685	761,206
Charter Communications Operating, LLC (a)(b)(c):		
8.00%, 4/30/12	500	503,750
8.38%, 4/30/14	660	668,250
EchoStar DBS Corp., 7.00%, 10/01/13	90	88,200
Harland Clarke Holdings Corp.:		
6.00%, 5/15/15 (g)	330	235,950
9.50%, 5/15/15 (b)	390	331,500
Intelsat Corp., 9.25%, 6/15/16	2,040	2,065,500
Intelsat Subsidiary Holding Co. Ltd., 8.88%, 1/15/15 (b)	250	250,625

Corporate Bonds		Par (000)		Value
Media (concluded)				
Liberty Media Corp., 3.13%, 3/30/23 (e)	USD	1,023	\$	982,080
Local Insight Regatta Holdings, Inc., 11.00%, 12/01/17		673		255,740
Network Communications, Inc., 10.75%, 12/01/13		20		4,050
Nielsen Finance LLC.:				
11.63%, 2/01/14		70		69,475
10.00%, 8/01/14		1,740		1,644,300
ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(c)(e)		812		324,708
Rainbow National Services LLC, 10.38%, 9/01/14 (b)		1,496		1,563,320
TL Acquisitions, Inc., 10.50%, 1/15/15 (b)		3,895		3,544,450
UPC Holdings BV, 9.88%, 4/15/18 (b)		500		505,625
Virgin Media, Inc., 6.50%, 11/15/16 (b)(e)		1,125		1,019,531
				20,548,496

Metals & Mining 5.1%

Aleris International, Inc. (a)(c):		
9.00%, 12/15/14	950	2,375
10.00%, 12/15/16	800	2,000
Anglo American Capital Plc, 9.38%, 4/08/19 (b)	345	403,650
Drummond Co., Inc., 7.38%, 2/15/16 (b)	215	189,200
FMG Finance Property Ltd. (b):		
10.00%, 9/01/13	500	527,500
10.63%, 9/01/16	1,210	1,300,750
Foundation PA Coal Co., 7.25%, 8/01/14	1,850	1,803,750
Freeport-McMoRan Copper & Gold, Inc., 8.38%, 4/01/17	960	1,000,800
Novelis, Inc.:		
7.25%, 2/15/15	1,875	1,518,750
11.50%, 2/15/15 (b)	405	391,838
Ryerson, Inc.:		
7.86%, 11/01/14 (g)	380	323,000
12.00%, 11/01/15	245	225,400

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Steel Dynamics, Inc., 7.38%, 11/01/12	440	432,300
Teck Resources Ltd.:		
10.25%, 5/15/16	285	314,925
10.75%, 5/15/19	1,095	1,246,931
Vedanta Resources Plc, 9.50%, 7/18/18 (b)	600	564,000
		10,247,169

Multiline Retail 0.5%

Dollar General Corp.:		
10.63%, 7/15/15	265	294,150
11.88%, 7/15/17 (d)	185	207,662
Macy's Retail Holdings, Inc., 5.88%, 1/15/13	455	429,026
		930,838

Oil, Gas & Consumable Fuels 9.0%

Arch Coal, Inc., 8.75%, 8/01/16 (b)	290	290,000
Atlas Energy Operating Co. LLC, 12.13%, 8/01/17	450	474,750
Atlas Energy Resources LLC, 10.75%, 2/01/18 (b)	1,000	1,010,000
Berry Petroleum Co., 8.25%, 11/01/16	470	418,300
Bill Barrett Corp., 9.88%, 7/15/16	225	234,000
Chesapeake Energy Corp.:		
9.50%, 2/15/15	500	510,000
7.25%, 12/15/18	990	905,850
2.25%, 12/15/38 (e)	775	520,219
Connacher Oil and Gas Ltd. (b):		
11.75%, 7/15/14	165	167,475
10.25%, 12/15/15	1,075	757,875
Corral Finans AB, 2.01%, 4/15/10 (b)(d)	1,630	1,185,624
EXCO Resources, Inc., 7.25%, 1/15/11	2,435	2,386,300
Encore Acquisition Co., 6.25%, 4/15/14	1,850	1,646,500
Forest Oil Corp., 7.25%, 6/15/19	2,260	2,124,400
Massey Energy Co., 3.25%, 8/01/15 (e)	1,210	904,475
OPTI Canada, Inc., 8.25%, 12/15/14	1,450	942,500

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
Oil, Gas & Consumable Fuels (concluded)			
PetroHawk Energy Corp.:			
10.50%, 8/01/14 (b)	USD	530	\$ 567,100
7.88%, 6/01/15		450	436,500
Range Resources Corp., 8.00%, 5/15/19		400	408,000
Sabine Pass LNG LP, 7.50%, 11/30/16		350	283,500
SandRidge Energy, Inc.:			
8.63%, 4/01/15 (d)		120	112,800
9.88%, 5/15/16 (b)		500	500,000
8.00%, 6/01/18 (b)		935	846,175
Teekay Shipping Corp., 8.88%, 7/15/11		640	636,800
			18,269,143
Paper & Forest Products 2.9%			
Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(d)		320	127,039
Clearwater Paper Corp., 10.63%, 6/15/16 (b)		370	396,362
Georgia-Pacific Corp., 8.13%, 5/15/11		145	148,988
Georgia-Pacific LLC, 8.25%, 5/01/16 (b)		1,525	1,540,250
International Paper Co., 9.38%, 5/15/19		490	550,616
NewPage Corp., 10.00%, 5/01/12		2,440	1,323,700
Norske Skog Canada Ltd. Series D, 8.63%, 6/15/11		825	482,625
Verso Paper Holdings LLC:			
11.50%, 7/01/14 (b)		320	313,600
Series B, 4.23%, 8/01/14 (g)		260	145,600
Series B, 9.13%, 8/01/14		1,425	929,813
			5,958,593
Pharmaceuticals 0.9%			
Angiotech Pharmaceuticals, Inc., 4.11%, 12/01/13 (g)		1,440	1,209,600
Elan Finance Plc, 8.88%, 12/01/13		90	86,850
Valeant Pharmaceuticals International, 8.38%, 6/15/16 (b)		515	522,725
			1,819,175
Real Estate Investment Trusts (REITs) 0.8%			
FelCor Lodging LP, 8.50%, 6/01/11		245	229,687
HCP, Inc., 5.65%, 12/15/13		420	404,645
iStar Financial, Inc.:			
5.65%, 9/15/11		1,500	855,000
Series B, 5.13%, 4/01/11		220	118,800
			1,608,132
Real Estate Management & Development 1.3%			
Forest City Enterprises, Inc., 7.63%, 6/01/15		2,525	1,584,438
Realogy Corp.:			

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10.50%, 4/15/14	520	309,400
12.38%, 4/15/15	1,935	783,675
		2,677,513
Semiconductors & Semiconductor Equipment 0.5%		
Spansion, Inc., 3.79%, 6/01/13 (a)(b)(c)	1,135	1,007,313
Software 0.0%		
BMS Holdings, Inc., 8.35%, 2/15/12 (b)(d)(g)	407	6,532
Specialty Retail 2.9%		
Asbury Automotive Group, Inc., 7.63%, 3/15/17	330	270,600
General Nutrition Centers, Inc.:		
6.40%, 3/15/14 (g)	1,640	1,443,200
10.75%, 3/15/15	1,200	1,134,000
Group 1 Automotive, Inc., 2.25%, 6/15/36 (h)	985	698,119
Limited Brands, Inc., 8.50%, 6/15/19 (b)	745	754,708
Michaels Stores, Inc., 11.38%, 11/01/16		