

BLACKROCK DEBT STRATEGIES FUND, INC.

Form N-CSRS

November 08, 2010

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., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 02/28/2011

Date of reporting period: 08/31/2010

Item 1 Report to Stockholders

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August 31, 2010

Semi-Annual Report (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 § No Bank Guarantee § May Lose Value**

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## Dear Shareholder

The global economic recovery continues, although global and US economic statistics show that the pace of economic growth has slowed. The sovereign debt crisis in Europe, slowing growth in China and concerns over the possibility that the United States and other developed markets are heading for a double-dip recession have all acted to depress investor sentiment. Despite broadening evidence of a slowdown in global economic activity, market volatility has normalized from the extreme levels seen in recent months. In the United States, economic data continues to be mixed, but it is our view that the preponderance of data suggests that the recovery is continuing. The critical issue for investors remains the question of whether the economy will experience a double-dip recession. We are on the optimistic side of this debate and would point out that while the recovery has been slow, we have made significant progress.

Global equity markets have moved unevenly higher since bottoming out in early 2009 as investors were enticed by depressed valuations, improved corporate earnings, and their desire for higher yields. Several significant downturns, however, have occurred primarily as a result of mixed economic data and concerns about the possibility of prolonged deflation (especially in Europe). As the period drew to a close, equity markets lost ground on weaker-than-expected economic data, most notably from the United States. International equities posted negative returns on both a six- and 12-month basis while US equities posted negative returns over the six months, but were still showing positive returns on a 12-month basis as the domestic economic recovery had been more pronounced and credit-related issues held European markets down. Within the United States, smaller cap stocks continue to outperform large caps year-to-date.

In fixed income markets, yields have fluctuated significantly over the past year as economic data has been mixed. Risk aversion and credit issues have kept interest rates low and US Treasury yields have fallen significantly as investors favored safe haven assets. As the period drew to a close, Treasuries modestly outperformed the spread sectors of the market (those driven by changes in credit risk). Corporate credit spreads benefited from the low rate environment and high yield fixed income remains attractive due to low default rates and better-than-expected results on European bank stress tests. Meanwhile, tax-exempt municipal bonds slightly outperformed US investment grade bonds on a 12-month basis, but underperformed year-to-date as investors rotated to the relative safety of Treasuries.

Regarding cash investments, yields on money market securities remain near all-time lows (producing returns only marginally above zero percent), with the Federal Open Market Committee reiterating that economic circumstances are likely to necessitate an accommodative interest rate stance for an extended period.

Against this backdrop, the major market averages posted the following returns:

| <b>Total Returns as of August 31, 2010</b>  | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| US large cap equities (S&P 500 Index)   | (4.04)%        | 4.91%           |
| US small cap equities (Russell 2000 Index)  | (3.60)         | 6.60            |
| International equities (MSCI Europe, Australasia, Far East Index)                     | (3.04)         | (2.34)          |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index)                | 0.07           | 0.14            |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)                 | 11.49          | 11.58           |
| US investment grade bonds (Barclays Capital US Aggregate Bond Index)                  | 5.81           | 9.18            |
| Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index)                    | 5.42           | 9.78            |
| US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index) | 6.62           | 21.40           |

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

Although conditions have improved over the past couple of years, investors across the globe continue to face uncertainty about the future direction of economic growth. Through periods of uncertainty, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional market perspective and investment insight, visit [www.blackrock.com/shareholdermagazine](http://www.blackrock.com/shareholdermagazine), where you'll find the most recent issue of our award-winning *Shareholder*<sup>®</sup> magazine, as well as its quarterly companion newsletter, *Shareholder Perspectives*. We thank you for entrusting BlackRock with your investments, and we look forward to your continued partnership in the months and years ahead.

Sincerely,  
Rob Kapito  
President, BlackRock Advisors, LLC

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THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of August 31, 2010

**BlackRock Corporate High Yield Fund, Inc.****Fund Overview**

**BlackRock Corporate High Yield Fund, Inc. s (COY) (the Fund )** investment objective is to provide shareholders with current income by investing primarily in a diversified portfolio of fixed income securities, which are rated in the lower rating categories of the established rating services (BB or lower by Standard & Poor s Corporation ( S&P ) or Ba or lower by Moody s Investors Service, Inc. ( Moody s )) or are unrated securities considered by BlackRock to be of comparable quality. The Fund s secondary objective is to provide stockholders with capital appreciation. The Fund invests, under normal market conditions, at least 80% of its assets in high yield debt instruments, including high yield bonds (commonly referred to as junk bonds) and corporate loans which are below investment grade quality. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Performance**

For the six months ended August 31, 2010, the Fund returned 6.15% based on market price and 7.94% 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 10.10% based on market price and 7.66% based on NAV. All returns reflect reinvestment of dividends. The Fund s premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. During the six-month period, high yield bonds lagged investment grade issues but outperformed the broad US equity market. Given our outlook for a continued slow economic environment, we focused more on sectors and companies with relatively stable cash flows and the ability to generate steady income, and less on companies which require growth to prosper and service their debt. Outside of this focus, the Fund s investments in special situations and recovery stories, most notably in the automotive sector, contributed to the Fund s outperformance versus its peer group. The Fund s underweight in higher quality speculative grade names and overweight in lower quality credits benefited performance. Toward the end of the period, we moved to an underweight position in lower quality names as lower quality issues have recently become expensive relative to higher quality names. During the period, the Fund maintained leverage at an average of approximately 17% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. The Fund s exposure to Floating Rate Loans detracted from performance (despite favorable security selection within the sector) as the bank loan sector underperformed high yield during the period.

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 NYSE  | COY           |
| Initial Offering Date   | June 25, 1993 |
| Yield on Closing Market Price as of August 31, 2010 (\$6.98) <sup>1</sup> | 8.77%         |
| Current Monthly Distribution per Share <sup>2</sup>                       | \$0.051       |
| Current Annualized Distribution per Share <sup>2</sup>                    | \$0.612       |
| Leverage as of August 31, 2010 <sup>3</sup>                               | 17%           |

- <sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- <sup>2</sup> The distribution rate is not constant and is subject to change.
- <sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

|                 | 8/31/10 | 2/28/10 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 6.98 | \$ 6.88 | 1.45%  | \$ 7.08 | \$ 5.50 |
| Net Asset Value | \$ 6.85 | \$ 6.64 | 3.16%  | \$ 7.02 | \$ 6.60 |

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

|                              | 8/31/10 | 2/28/10 |
|------------------------------|---------|---------|
| Corporate Bonds              | 84%     | 82%     |
| Floating Rate Loan Interests | 12      | 13      |
| Common Stocks                | 2       | 3       |
| Other Interests              | 2       | 2       |

#### Credit Quality Allocations<sup>4</sup>

|           | 8/31/10 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa   | 3%      | 3%      |
| BB/Ba     | 36      | 30      |
| B         | 46      | 46      |
| CCC/Caa   | 11      | 12      |
| CC/Ca     |         | 1       |
| D         |         | 1       |
| Not Rated | 4       | 7       |

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

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SEMI-ANNUAL REPORT

AUGUST 31, 2010

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Fund Summary as of August 31, 2010

BlackRock Corporate High Yield Fund III, Inc.

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**Fund Overview**


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**BlackRock Corporate High Yield Fund III, Inc. s (CYE) (the Fund )** primary investment objective is to provide current income by investing primarily in fixed-income securities, which are rated in the lower rating categories of the established rating services (BBB or lower by S&P or Baa or lower by Moody s) or are unrated securities of comparable quality. The Fund s secondary investment objective is to provide capital appreciation. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

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**Performance**


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For the six months ended August 31, 2010, the Fund returned 8.45% based on market price and 7.81% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 10.10% based on market price and 7.66% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. During the six-month period, high yield bonds lagged investment grade issues but outperformed the broad US equity market, as the slowing economy and concerns about Europe caused investors to sell riskier investments and falling interest rates pushed up the prices of higher quality bonds. Given our outlook for a continued slow economic environment, we began to focus more on sectors and companies with relatively stable cash flows and the ability to generate steady income, and less on companies with less stable cash flow and which require growth to be able to service their debt. Outside of this focus, we continued to invest in a few special situations and recovery stories, most notably in the automotive sector. These investments were key contributors to the Fund s outperformance versus its peer group for the period. The Fund s underweight position in higher quality speculative grade names and overweight in lower quality credits benefited performance during the period. Toward the end of the period, we moved to an underweight position in lower quality names, which we believe will benefit the Fund going forward as lower quality issues have recently become expensive relative to higher quality names. During the period, the Fund maintained leverage at an average amount between 18% to 20% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. The Fund s exposure to Floating Rate Loans detracted from performance (despite favorable security selection within the sector) as the bank loan sector underperformed high yield during the period.

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**Fund Information**


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|   |                  |
|---|------------------|
| Symbol on NYSE  | CYE              |
| Initial Offering Date   | January 30, 1998 |
| Yield on Closing Market Price as of August 31, 2010 (\$6.92) <sup>1</sup> | 8.67%            |
| Current Monthly Distribution per Share <sup>2</sup>                       | \$0.05           |
| Current Annualized Distribution per Share <sup>2</sup>                    | \$0.60           |
| Leverage as of August 31, 2010 <sup>3</sup>                               | 20%              |

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- <sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- <sup>2</sup> The distribution rate is not constant and is subject to change.
- <sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

|                 | 8/31/10 | 2/28/10 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 6.92 | \$ 6.67 | 3.75%  | \$ 7.14 | \$ 5.29 |
| Net Asset Value | \$ 6.90 | \$ 6.69 | 3.14%  | \$ 7.13 | \$ 6.66 |

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

|                              | 8/31/10 | 2/28/10 |
|------------------------------|---------|---------|
| Corporate Bonds              | 80%     | 81%     |
| Floating Rate Loan Interests | 14      | 13      |
| Common Stocks                | 2       | 4       |
| Other Interests              | 2       | 2       |
| Preferred Stocks             | 2       |         |

### Credit Quality Allocations<sup>4</sup>

|           | 8/31/10 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa   | 3%      | 3%      |
| BB/Ba     | 35      | 29      |
| B         | 46      | 47      |
| CCC/Caa   | 11      | 12      |
| D         |         | 1       |
| Not Rated | 5       | 8       |

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



Fund Summary as of August 31, 2010

BlackRock Debt Strategies Fund, Inc.

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**Fund Overview**


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**BlackRock Debt Strategies Fund, Inc.** s (DSU) (the **Fund** ) primary investment objective is to provide current income by investing primarily in a diversified portfolio of US companies' debt instruments, including corporate loans, which are rated in the lower rating categories of the established rating services (BBB or lower by S&P or Baa or lower by Moody's) or unrated debt instruments, which are in the judgment of the investment adviser of equivalent quality. The Fund's secondary objective is to provide capital appreciation. Corporate loans include senior and subordinated corporate loans, both secured and unsecured. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

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**Performance**


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For the six months ended August 31, 2010, the Fund returned 4.91% based on market price and 7.61% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 10.10% based on market price and 7.66% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund's Lipper category competitors invest primarily in high yield bonds, whereas the Fund invests in both high yield bonds and bank loans. During the period, approximately 48% of the Fund was invested in bank loans, with 43% in high yield, and the remainder in common stock, convertibles and investment-grade bonds. The Fund performed in line with its Lipper category, even though bank loans underperformed high yield during the period. The Fund maintained relatively conservative positioning, with a focus on sectors that are less sensitive to the economy and the consumer. This positioning had a negative impact on performance in a generally improving market, although it proved beneficial during the market correction that occurred in the second quarter of 2010. The Fund continued to maintain relatively low levels of leverage, which detracted from performance versus competitors that maintained higher leverage, as would be expected in an advancing market. Contributing positively to performance were the Fund's overweight position in the automobiles sector, investments in several distressed credits and special situations, and an underweight position in health care.

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**Fund Information**


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|   |                |
|---|----------------|
| Symbol on NYSE  | DSU            |
| Initial Offering Date   | March 27, 1998 |
| Yield on Closing Market Price as of August 31, 2010 (\$3.92) <sup>1</sup> | 8.88%          |
| Current Monthly Distribution per Share <sup>2</sup>                       | \$0.029        |
| Current Annualized Distribution per Share <sup>2</sup>                    | \$0.348        |
| Leverage as of August 31, 2010 <sup>3</sup>                               | 16%            |

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

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<sup>2</sup> A change in the distribution rate was declared on September 1, 2010. The Monthly Distribution per Share was decreased to \$0.027. 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 change in the future.

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

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

|                 | 8/31/10 | 2/28/10 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 3.92 | \$ 3.91 | 0.26%  | \$ 4.42 | \$ 2.95 |
| Net Asset Value | \$ 4.00 | \$ 3.89 | 2.83%  | \$ 4.14 | \$ 3.89 |

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

|                              | 8/31/10 | 2/28/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 50%     | 47%     |
| Corporate Bonds              | 46      | 49      |
| Common Stocks                | 3       | 4       |
| Other Interests              | 1       |         |

### Credit Quality Allocations<sup>4</sup>

|           | 8/31/10 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa   | 6%      | 5%      |
| BB/Ba     | 30      | 27      |
| B         | 48      | 44      |
| CCC/Caa   | 9       | 11      |
| D         | 1       | 1       |
| Not Rated | 7       | 12      |

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

Fund Summary as of August 31, 2010

BlackRock Floating Rate Income Strategies Fund II, Inc.

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**Fund Overview**


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**BlackRock Floating Rate Income Strategies Fund II, Inc. s (FRB) (the Fund )** investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

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**Performance**


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For the six months ended August 31, 2010, the Fund returned (7.02)% based on market price and 4.25% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 2.23% based on market price and 2.82% based on NAV. The performance of the Lipper category does not necessarily correlate to that of the Fund, as the Lipper group comprises both closed-end funds and unleveraged continuously offered closed-end funds. All returns reflect reinvestment of dividends. The Fund s premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s allocation to high yield bonds (approximately 20%) benefited performance as the sector performed well during the period. We focused on higher quality loan structures and borrowers with relatively stable cash flows and the ability to generate steady income. Outside of this focus, we invested in a few special situations and recovery stories, most notably in the automotive sector, which contributed positively to performance. The Fund s overweight in higher quality speculative investments and underweight in lower quality credits modestly detracted from performance. The Fund maintained leverage at an average between 16% to 17% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing.

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

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**Fund Information**


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|  |               |
|--|---------------|
| Symbol on NYSE   | FRB           |
| Initial Offering Date  | July 30, 2004 |
| Yield on Closing Market Price as of August 31, 2010 (\$13.50) <sup>1</sup> | 6.67%         |
| Current Monthly Distribution per Share <sup>2</sup>                        | \$0.075       |
| Current Annualized Distribution per Share <sup>2</sup>                     | \$0.900       |
| Leverage as of August 31, 2010 <sup>3</sup>                                | 17%           |

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

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<sup>2</sup> The distribution rate is not constant and is subject to change.

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

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

|                 | 8/31/10  | 2/28/10  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 13.50 | \$ 15.01 | (10.06)% | \$ 15.63 | \$ 12.80 |
| Net Asset Value | \$ 13.27 | \$ 13.16 | 0.84%    | \$ 13.52 | \$ 13.03 |

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

|                              | 8/31/10 | 2/28/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 76%     | 73%     |
| Corporate Bonds              | 22      | 26      |
| Other Interests              | 1       | 1       |
| Common Stock                 | 1       |         |

## Credit Quality Allocations<sup>4</sup>

|           | 8/31/10 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa   | 6%      | 6%      |
| BB/Ba     | 34      | 34      |
| B         | 48      | 38      |
| CCC/Caa   | 6       | 10      |
| CC/Ca     | 1       | 1       |
| D         |         | 2       |
| Not Rated | 5       | 9       |

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

Fund Summary as of August 31, 2010

BlackRock Senior High Income Fund, Inc.

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**Fund Overview**


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**BlackRock Senior High Income Fund, Inc. s (ARK) (the Fund )** investment objective is to provide high current income 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. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

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**Performance**


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For the six months ended August 31, 2010, the Fund returned 3.86% based on market price and 5.98% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 10.10% based on market price and 7.66% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Fund s Lipper category competitors invest primarily in high yield bonds, whereas the Fund invests in both high yield bonds and bank loans. During the period, approximately 46% of the Fund was invested in bank loans, with 47% in high yield, and the remainder in common stock, convertibles and investment-grade bonds. The Fund s allocation to bank loans detracted from relative performance during the period, as loans underperformed high yield. The Fund maintained relatively conservative positioning, with a focus on sectors that are less sensitive to the economy and the consumer. This positioning had a negative impact on performance in a generally improving market, although it proved beneficial during the market correction that occurred in the second quarter of 2010. The Fund continued to maintain relatively low levels of leverage (less than 15%), which detracted from performance versus competitors that maintained higher leverage, as would be expected in an advancing market. Contributing positively to performance were the Fund s overweight position in the automobiles sector, investments in several distressed credits and special situations, and an underweight position in health care.

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

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**Fund Information**


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|   |                |
|---|----------------|
| Symbol on NYSE  | ARK            |
| Initial Offering Date   | April 30, 1993 |
| Yield on Closing Market Price as of August 31, 2010 (\$3.94) <sup>1</sup> | 7.61%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.025        |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.300        |
| Leverage as of August 31, 2010 <sup>3</sup>                               | 13%            |

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



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<sup>2</sup> The distribution is not constant and is subject to change.

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

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

|                 | 8/31/10 | 2/28/10 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 3.94 | \$ 3.94 | 0.00%  | \$ 4.48 | \$ 3.59 |
| Net Asset Value | \$ 3.99 | \$ 3.91 | 2.05%  | \$ 4.09 | \$ 3.87 |

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

|                              | 8/31/10 | 2/28/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 51%     | 46%     |
| Corporate Bonds              | 46      | 52      |
| Common Stocks                | 2       | 2       |
| Other Interests              | 1       |         |

## Credit Quality Allocations<sup>4</sup>

|           | 8/31/10 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa   | 7%      | 5%      |
| BB/Ba     | 32      | 33      |
| B         | 48      | 43      |
| CCC/Caa   | 7       | 11      |
| D         |         | 1       |
| Not Rated | 6       | 7       |

<sup>4</sup> 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 by borrowing through a credit facility. In general, the concept of leveraging is based on the premise that the financing 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 borrowings earn income based on long-term interest rates. In this case, the interest expense of borrowings 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 borrowings 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 borrowings discussed above.

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. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through their credit facility up to 33 $\frac{1}{3}$ % of their total managed assets. As of August 31, 2010, the Funds had outstanding leverage from borrowings as a percentage of their total managed assets as follows:

|     | Percent of<br>Leverage |
|-----|------------------------|
| COY | 17%                    |
| CYE | 20%                    |
| DSU | 16%                    |

|     |     |
|-----|-----|
| FRB | 17% |
| ARK | 13% |

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### Derivative Financial Instruments

The Funds may invest in various derivative instruments, including financial futures contracts, swaps, foreign currency exchange contracts and options, as specified in Note 2 of the Notes to Financial Statements, which may 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, equity, credit and/or foreign currency exchange 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 or illiquidity of the derivative instrument. The Funds 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 a Fund to sell or purchase portfolio securities at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold 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 August 31, 2010 (Unaudited)

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

| Common Stocks                             | Shares  | Value      |
|---|---------|------------|
| <b>Building Products 0.1%</b>             |         |            |
| Masonite Worldwide Holdings (a)           | 5,953   | \$ 226,214 |
| <b>Capital Markets 0.1%</b>               |         |            |
| E*Trade Financial Corp. (a)               | 26,900  | 333,829    |
| <b>Chemicals 0.0%</b>                     |         |            |
| Wellman Holdings, Inc. (a)                | 1,425   | 71         |
| <b>Communications Equipment 0.5%</b>      |         |            |
| Loral Space & Communications Ltd. (a)     | 22,577  | 1,208,773  |
| <b>Construction Materials 0.0%</b>        |         |            |
| Nortek, Inc. (a)                          | 2,020   | 83,830     |
| <b>Containers &amp; Packaging 0.0%</b>    |         |            |
| Smurfit Kappa Plc (a)                     | 3,634   | 31,776     |
| <b>Electrical Equipment 0.0%</b>          |         |            |
| Medis Technologies Ltd. (a)               | 67,974  | 2,107      |
| <b>Household Durables 0.2%</b>            |         |            |
| Beazer Homes USA, Inc. (a)                | 113,588 | 393,014    |
| <b>Machinery 0.2%</b>                     |         |            |
| Accuride Corp., Restricted Shares (a)     | 84,389  | 92,828     |
| Navistar International Corp. (a)          | 8,700   | 364,356    |
|   |         | 457,184    |
| <b>Media 0.4%</b>                         |         |            |
| Charter Communications, Inc. (a)          | 15,186  | 516,324    |
| Gannett Co., Inc.                         | 39,500  | 477,555    |
|   |         | 993,879    |
| <b>Paper &amp; Forest Products 0.1%</b>   |         |            |
| Ainsworth Lumber Co. Ltd. (a)             | 36,744  | 86,144     |
| Ainsworth Lumber Co. Ltd. (a)(b)          | 41,686  | 97,731     |
| Western Forest Products, Inc. (a)         | 147,968 | 40,935     |
| Western Forest Products, Inc. (a)(b)      | 41,528  | 11,488     |
|   |         | 236,298    |
| <b>Semiconductors &amp; Semiconductor</b> |         |            |

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|   |        |           |
|---|--------|-----------|
| <b>Equipment 0.0%</b>                           |        |           |
| SunPower Corp., Class B (a)                     | 352    | 3,640     |
| <b>Software 0.2%</b>                            |        |           |
| HMH Holdings/EduMedia (a)                       | 83,184 | 415,922   |
| <b>Wireless Telecommunication Services 0.1%</b> |        |           |
| FiberTower Corp. (a)                            | 76,542 | 274,786   |
| <b>Total Common Stocks 1.9%</b>                 |        | 4,661,323 |

| Corporate Bonds   | Par<br>(000) |  |                |
|---|--------------|--|----------------|
| <b>Aerospace &amp; Defense 0.4%</b>                           |              |  |                |
| Bombardier, Inc., 7.75%, 3/15/20 (b)                          | USD 200      |  | 215,000        |
| DynCorp International, Inc., 10.38%, 7/01/17 (b)              | 230          |  | 228,850        |
| Kratos Defense & Security Solutions, Inc., 10.00%,<br>6/01/17 | 500          |  | 516,250        |
|   |              |  | <u>960,100</u> |

| Corporate Bonds                         | Par<br>(000) |    | Value            |
|---|--------------|----|------------------|
| <b>Air Freight &amp; Logistics 0.6%</b> |              |    |                  |
| National Air Cargo Group, Inc.:         |              |    |                  |
| Series 1, 12.38%, 8/16/15               | USD 695      | \$ | 695,000          |
| Series 2, 12.38%, 8/16/15               | 695          |    | 695,000          |
|   |              |    | <u>1,390,000</u> |

|   |       |  |                  |
|---|-------|--|------------------|
| <b>Airlines 2.9%</b>  |       |  |                  |
| Air Canada (b):   |       |  |                  |
| 9.25%, 8/01/15  | 970   |  | 950,600          |
| 12.00%, 2/01/16   | 260   |  | 243,100          |
| American Airlines, Inc., 10.50%, 10/15/12 (b)                           | 870   |  | 924,375          |
| American Airlines Pass Through Trust, Series 2001-02,<br>7.86%, 4/01/13 | 390   |  | 408,135          |
| Continental Airlines, Inc.:   |       |  |                  |
| 6.75%, 9/15/15 (b)  | 540   |  | 534,600          |
| Series 1997-4-B, 6.90%, 7/02/18   | 503   |  | 490,655          |
| Series 2001-1-C, 7.03%, 12/15/12  | 224   |  | 222,395          |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16                        | 926   |  | 972,807          |
| United Air Lines, Inc., 12.75%, 7/15/12                                 | 1,982 |  | 2,210,376        |
|   |       |  | <u>6,957,043</u> |

|                                 |     |  |         |
|---------------------------------|-----|--|---------|
| <b>Auto Components 1.5%</b>     |     |  |         |
| Allison Transmission, Inc. (b): |     |  |         |
| 11.00%, 11/01/15                | 220 |  | 236,500 |

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|   |     |       |           |
|---|-----|-------|-----------|
| 11.25%, 11/01/15 (c)  |     | 164   | 176,300   |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14         |     | 41    | 39,860    |
| The Goodyear Tire & Rubber Co.:                                   |     |       |           |
| 8.25%, 8/15/20  |     | 400   | 409,500   |
| 8.75%, 8/15/20  |     | 280   | 296,100   |
| Icahn Enterprises LP, 8.00%, 1/15/18                              |     | 2,475 | 2,462,625 |
|   |     |       | 3,620,885 |
| <b>Beverages 0.2%</b>   |     |       |           |
| Cott Beverages USA, Inc., 8.13%, 9/01/18 (b)                      |     | 245   | 252,044   |
| Crown European Holdings SA, 7.13%, 8/15/18 (b)                    | EUR | 225   | 292,259   |
|   |     |       | 544,303   |
| <b>Biotechnology 0.3%</b>   |     |       |           |
| QHP Pharma, 10.25%, 3/15/15 (b)                                   | USD | 582   | 593,916   |
| <b>Building Products 1.5%</b>                                     |     |       |           |
| Associated Materials LLC, 9.88%, 11/15/16                         |     | 710   | 752,600   |
| Building Materials Corp. of America (b):                          |     |       |           |
| 6.88%, 8/15/18  |     | 490   | 476,525   |
| 7.00%, 2/15/20  |     | 570   | 567,150   |
| Momentive Performance Materials, Inc., Series WI, 9.75%, 12/01/14 |     | 695   | 678,494   |
| Ply Gem Industries, Inc., 11.75%, 6/15/13                         |     | 1,130 | 1,163,900 |
|   |     |       | 3,638,669 |
| <b>Capital Markets 0.5%</b>                                       |     |       |           |
| E*Trade Financial Corp., 3.43%, 8/31/19 (b)(d)(e)                 |     | 226   | 271,200   |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b)                      |     | 904   | 334,480   |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(c)                |     | 254   | 22,889    |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(c)           |     | 266   | 23,928    |
| Offshore Group Investments Ltd., 11.50%, 8/01/15 (b)              |     | 480   | 478,800   |
|   |     |       | 1,131,297 |

**Portfolio Abbreviations**

To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

|            |                   |
|------------|-------------------|
| <b>CAD</b> | Canadian Dollar   |
| <b>EUR</b> | Euro              |
| <b>FKA</b> | Formerly Known As |
| <b>GBP</b> | British Pound     |
| <b>PIK</b> | Payment-In-Kind   |
| <b>USD</b> | US Dollar         |

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<br>(000) | Value      |
|---|--------------|------------|
| <b>Chemicals 3.5%</b>                                   |              |            |
| American Pacific Corp., 9.00%, 2/01/15                  | USD 800      | \$ 791,000 |
| CF Industries, Inc.:                                    |              |            |
| 6.88%, 5/01/18  | 405          | 426,263    |
| 7.13%, 5/01/20  | 715          | 766,837    |
| Chemtura Corp., 7.88%, 9/01/18 (b)                      | 490          | 500,412    |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b)                  | 155          | 160,619    |
| Hexion U.S. Finance Corp.:                              |              |            |
| 9.75%, 11/15/14   | 730          | 717,225    |
| 8.88%, 2/01/18  | 690          | 638,250    |
| Huntsman International LLC (b):                         |              |            |
| 6.88%, 11/15/13   | 260          | 324,543    |
| 8.63%, 3/15/20  | 220          | 218,075    |
| Ineos Finance Plc, 9.00%, 5/15/15 (b)                   | 385          | 389,331    |
| Innophos, Inc., 8.88%, 8/15/14                          | 740          | 758,500    |
| MacDermid, Inc., 9.50%, 4/15/17 (b)                     | 1,180        | 1,196,225  |
| OXEA Finance/Cy SCA, 9.63%, 7/15/17 (b)                 | EUR 385      | 504,968    |
| Wellman Holdings, Inc., Subordinate Note (d):           |              |            |
| (Second Lien), 10.00%, 1/29/19 (b)                      | USD 790      | 687,300    |
| (Third Lien), 5.00%, 1/29/19 (c)                        | 259          | 101,015    |
|   |              | 8,180,563  |
| <b>Commercial Banks 3.0%</b>                            |              |            |
| CIT Group, Inc.:  |              |            |
| 7.00%, 5/01/16  | 1,735        | 1,648,250  |
| 7.00%, 5/01/17  | 5,870        | 5,519,631  |
|   |              | 7,167,881  |
| <b>Commercial Services &amp; Supplies 1.1%</b>          |              |            |
| ACCO Brands Corp., 10.63%, 3/15/15                      | 480          | 528,000    |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)         | 555          | 604,950    |
| Scientific Games International, Inc., 9.25%,<br>6/15/19 | 215          | 227,900    |
| West Corp., 11.00%, 10/15/16                            | 1,170        | 1,228,500  |
|   |              | 2,589,350  |
| <b>Construction Materials 0.9%</b>                      |              |            |
| Nortek, Inc., 11.00%, 12/01/13                          | 2,029        | 2,138,035  |
| <b>Consumer Finance 1.0%</b>                            |              |            |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b)             | 640          | 663,200    |
| Ford Motor Credit Co. LLC:                              |              |            |
| 3.28%, 1/13/12 (f)                                      | 195          | 191,100    |



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|                 |       |           |
|-----------------|-------|-----------|
| 7.80%, 6/01/12  | 200   | 210,468   |
| 8.00%, 12/15/16 | 170   | 184,609   |
| 6.63%, 8/15/17  | 1,150 | 1,168,828 |
|                 |       | 2,418,205 |

**Containers & Packaging 3.2%**

|   |           |           |
|---|-----------|-----------|
| Ball Corp., 6.75%, 9/15/20                            | 475       | 499,938   |
| Berry Plastics Corp.:                                 |           |           |
| 8.88%, 9/15/14  | 755       | 719,137   |
| 8.25%, 11/15/15                                       | 125       | 125,313   |
| 9.50%, 5/15/18 (b)                                    | 395       | 363,400   |
| Berry Plastics Holding Corp., 8.88%, 9/15/14          | 2,305     | 2,195,512 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | 810       | 862,650   |
| Impress Holdings BV, 3.65%, 9/15/13 (b)(f)            | 390       | 368,550   |
| Owens-Brockway Glass Container, Inc., 6.75%, 12/01/14 | EUR 152   | 194,548   |
| Pregis Corp., 12.38%, 10/15/13                        | USD 1,130 | 1,130,000 |
| Smurfit Kappa Acquisitions (b):                       |           |           |
| 7.25%, 11/15/17                                       | 465       | 601,057   |
| 7.75%, 11/15/19                                       | 440       | 571,530   |
|   |           | 7,631,635 |

| Corporate Bonds                                     | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Diversified Consumer Services 1.2%</b>           |              |              |
| Service Corp. International, 7.00%, 6/15/17         | USD 2,800    | \$ 2,898,000 |
| <b>Diversified Financial Services 6.7%</b>          |              |              |
| Ally Financial Inc. (b):                            |              |              |
| 8.30%, 2/12/15                                      | 1,970        | 2,048,800    |
| 7.50%, 9/15/20                                      | 1,760        | 1,742,400    |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16  | 935          | 936,169      |
| FCE Bank Plc:                                       |              |              |
| 7.88%, 2/15/11                                      | 1,150        | 1,785,742    |
| 7.13%, 1/16/12                                      | 1,450        | 1,901,826    |
| 7.13%, 1/15/13                                      | 550          | 721,382      |
| GMAC, Inc.:   |              |              |
| 7.50%, 12/31/13                                     | 350          | 357,437      |
| 2.74%, 12/01/14 (f)                                 | 371          | 318,959      |
| 8.00%, 3/15/20 (b)                                  | 2,300        | 2,357,500    |
| Leucadia National Corp., 8.13%, 9/15/15             | 1,120        | 1,192,800    |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | 1,340        | 1,350,050    |
| Reynolds Group Issuer, Inc. (b):                    |              |              |
| 7.75%, 10/15/16                                     | 350          | 450,186      |
| 8.50%, 5/15/18                                      | 710          | 681,600      |
|   |              | 15,844,851   |

**Diversified Telecommunication Services 4.5%**

|  |       |         |
|--|-------|---------|
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12 | 1,000 | 980,000 |
|--|-------|---------|

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|  |       |            |
|--|-------|------------|
| Frontier Communications Corp.:                           |       |            |
| 7.88%, 4/15/15   | 550   | 580,250    |
| 8.25%, 4/15/17   | 700   | 740,250    |
| 8.50%, 4/15/20   | 325   | 344,906    |
| GCI, Inc., 8.63%, 11/15/19                               | 1,100 | 1,155,000  |
| ITC Deltacom, Inc., 10.50%, 4/01/16                      | 500   | 492,500    |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (b) | 200   | 210,000    |
| Qwest Communications International, Inc.:                |       |            |
| 7.50%, 2/15/14   | 1,890 | 1,925,437  |
| 8.00%, 10/01/15 (b)                                      | 500   | 537,500    |
| Series B, 7.50%, 2/15/14                                 | 1,385 | 1,410,969  |
| Qwest Corp.:   |       |            |
| 7.63%, 6/15/15   | 500   | 561,250    |
| 8.38%, 5/01/16   | 650   | 757,250    |
| Windstream Corp.:  |       |            |
| 8.13%, 8/01/13   | 400   | 426,500    |
| 7.88%, 11/01/17  | 600   | 609,000    |
|  |       | 10,730,812 |

**Energy Equipment & Services 1.9%**

|  |       |           |
|--|-------|-----------|
| Compagnie Générale de Géophysique-Veritas:                 |       |           |
| 7.50%, 5/15/15   | 1,210 | 1,197,900 |
| 7.75%, 5/15/17   | 300   | 297,750   |
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (b)       | 1,715 | 1,603,525 |
| Global Geophysical Services, Inc., 10.50%,<br>5/01/17 (b)  | 285   | 282,150   |
| North American Energy Alliance LLC, 10.88%,<br>6/01/16 (b) | 625   | 675,000   |
| Thermon Industries, Inc., 9.50%, 5/01/17 (b)               | 500   | 512,500   |
|  |       | 4,568,825 |

**Food & Staples Retailing 0.9%**

|   |     |           |
|---|-----|-----------|
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) |     |           |
|   | 750 | 735,000   |
| Rite Aid Corp.:                         |     |           |
| 9.75%, 6/12/16                          | 380 | 403,750   |
| 10.25%, 10/15/19                        | 580 | 595,950   |
| 8.00%, 8/15/20 (b)                      | 480 | 477,000   |
|   |     | 2,211,700 |

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<br>(000) | Value      |
|--|--------------|------------|
| <b>Food Products 0.5%</b>  |              |            |
| B&G Foods, Inc., 7.63%, 1/15/18  | USD 200      | \$ 205,750 |
| Reddy Ice Corp., 11.25%, 3/15/15 (b)                                     | 410          | 415,638    |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b)                              | 440          | 491,150    |
| TreeHouse Foods, Inc., 7.75%, 3/01/18                                    | 150          | 158,625    |
|  |              | 1,271,163  |
| <b>Health Care Equipment &amp; Supplies 1.4%</b>                         |              |            |
| DJO Finance LLC, 10.88%, 11/15/14  | 2,255        | 2,415,669  |
| Hologic, Inc., 2.00%, 12/15/37 (d)(g)                                    | 910          | 822,412    |
|  |              | 3,238,081  |
| <b>Health Care Providers &amp; Services 4.9%</b>                         |              |            |
| American Renal Holdings, 8.38%, 5/15/18 (b)                              | 260          | 260,000    |
| Gentiva Health Services, Inc., 11.50%, 9/01/18 (b)                       | 655          | 677,925    |
| HCA, Inc.:   |              |            |
| 9.13%, 11/15/14  | 1,645        | 1,727,250  |
| 8.50%, 4/15/19   | 935          | 1,024,994  |
| 7.25%, 9/15/20   | 2,145        | 2,241,525  |
| inVentiv Health Inc., 10.00%, 8/15/18 (b)                                | 600          | 586,500    |
| Omnicare, Inc., 7.75%, 6/01/20   | 465          | 465,000    |
| Tenet Healthcare Corp.:  |              |            |
| 9.00%, 5/01/15   | 1,717        | 1,828,605  |
| 10.00%, 5/01/18  | 622          | 699,750    |
| 8.88%, 7/01/19   | 2,010        | 2,173,312  |
|  |              | 11,684,861 |
| <b>Health Care Technology 1.1%</b>                                       |              |            |
| IMS Health, Inc., 12.50%, 3/01/18 (b)                                    | 2,235        | 2,589,806  |
| <b>Hotels, Restaurants &amp; Leisure 2.3%</b>                            |              |            |
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                               | 1,100        | 1,039,500  |
| Enterprise Inns Plc, 6.50%, 12/06/18                                     | GBP 388      | 491,129    |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17                            | USD 615      | 658,050    |
| Inn of the Mountain Gods Resort & Casino, 12.00%,<br>11/15/10 (a)(h)     | 1,425        | 623,437    |
| Little Traverse Bay Bands of Odawa Indians, 10.25%,<br>2/15/14 (a)(b)(h) | 1,175        | 396,563    |
| MGM Mirage, 13.00%, 11/15/13   | 90           | 103,950    |
| MGM Resorts International:   |              |            |
| 10.38%, 5/15/14  | 235          | 256,150    |
| 11.13%, 11/15/17   | 780          | 871,650    |
| Marina District Finance Co., Inc., 9.88%, 8/15/18 (b)                    | 340          | 339,150    |

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|   |     |           |
|---|-----|-----------|
| <b>Travelport LLC:</b>  |     |           |
| 5.16%, 9/01/14 (f)  | 145 | 134,488   |
| 9.88%, 9/01/14  | 190 | 194,275   |
| <b>Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(h)</b> |     |           |
|   | 315 | 230       |
| <b>Virgin River Casino Corp., 9.00%, 1/15/12 (a)(h)</b>               |     |           |
|   | 805 | 362,250   |
|   |     | 5,470,822 |

**Household Durables 3.6%**

|  |           |           |
|--|-----------|-----------|
| <b>Beazer Homes USA, Inc.:</b>                   |           |           |
| 6.88%, 7/15/15                                   | 170       | 147,050   |
| 8.13%, 6/15/16                                   | 295       | 258,125   |
| 12.00%, 10/15/17                                 | 1,425     | 1,604,906 |
| 9.13%, 6/15/18                                   | 1,620     | 1,433,700 |
| DFS Furniture Holdings Plc, 9.75%, 7/15/17 (b)   | GBP 193   | 277,494   |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | USD 1,620 | 1,571,400 |
| Ryland Group Inc., 6.63%, 5/01/20                | 625       | 585,938   |

| Corporate Bonds                       | Par<br>(000) | Value      |
|---------------------------------------|--------------|------------|
| <b>Household Durables (concluded)</b> |              |            |
| <b>Standard Pacific Corp.:</b>        |              |            |
| 9.25%, 4/15/12                        | USD 125      | \$ 128,281 |
| 6.25%, 4/01/14                        | 485          | 452,263    |
| 7.00%, 8/15/15                        | 325          | 299,000    |
| 10.75%, 9/15/16                       | 1,285        | 1,352,462  |
| 8.38%, 5/15/18                        | 535          | 514,938    |
|                                       |              | 8,625,557  |

**Independent Power Producers & Energy Traders 2.9%**

|   |       |           |
|---|-------|-----------|
| <b>The AES Corp., 8.75%, 5/15/13 (b)</b>                            |       |           |
|   | 587   | 596,539   |
| <b>Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b)</b>      |       |           |
|   | 1,190 | 1,249,500 |
| <b>Energy Future Holdings Corp., 10.00%, 1/15/20 (b)</b>            |       |           |
|   | 3,115 | 2,999,754 |
| <b>Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20</b> |       |           |
|   | 161   | 154,718   |
| <b>NRG Energy, Inc.:</b>  |       |           |
| 7.25%, 2/01/14  | 1,215 | 1,239,300 |
| 7.38%, 2/01/16  | 250   | 251,875   |
| 7.38%, 1/15/17  | 385   | 387,888   |
|   |       | 6,879,574 |

**Industrial Conglomerates 2.6%**

|                         |       |           |
|-------------------------|-------|-----------|
| <b>Sequa Corp. (b):</b> |       |           |
| 11.75%, 12/01/15        | 2,190 | 2,255,700 |
| 13.50%, 12/01/15 (c)    | 3,759 | 3,909,102 |
|                         |       | 6,164,802 |

**Insurance 0.9%**

|  |       |           |
|--|-------|-----------|
| <b>Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)</b> |       |           |
|  | 1,600 | 1,642,000 |
| <b>USI Holdings Corp., 4.25%, 11/15/14 (b)(f)</b>    |       |           |
|  | 630   | 533,925   |
|  |       | 2,175,925 |

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**Life Sciences Tools & Services 0.2%**

|                                   |     |         |
|-----------------------------------|-----|---------|
| Patheon, Inc., 8.63%, 4/15/17 (b) | 540 | 537,975 |
|-----------------------------------|-----|---------|

**Machinery 1.8%**

|  |       |           |
|--|-------|-----------|
| AGY Holding Corp., 11.00%, 11/15/14              | 900   | 765,000   |
| Accuride Corp., 7.50%, 2/26/20 (c)(d)            | 9     | 22,842    |
| Navistar International Corp.:                    |       |           |
| 3.00%, 10/15/14 (d)                              | 1,750 | 1,909,687 |
| 8.25%, 11/01/21                                  | 1,000 | 1,047,500 |
| Oshkosh Corp., 8.25%, 3/01/17                    | 130   | 136,825   |
| Titan International, Inc., 5.63%, 1/15/17 (b)(d) | 220   | 261,800   |
|  |       | 4,143,654 |

**Marine 0.7%**

|   |       |           |
|---|-------|-----------|
| Horizon Lines, Inc., 4.25%, 8/15/12 (d) | 1,985 | 1,667,400 |
|---|-------|-----------|

**Media 12.8%**

|   |       |           |
|---|-------|-----------|
| Affinion Group, Inc.:                             |       |           |
| 10.13%, 10/15/13                                  | 2,235 | 2,290,875 |
| 10.13%, 10/15/13                                  | 715   | 731,087   |
| CCH II LLC, 13.50%, 11/30/16                      | 502   | 595,301   |
| CCO Holdings LLC (b):                             |       |           |
| 7.88%, 4/30/18                                    | 430   | 445,050   |
| 8.13%, 4/30/20                                    | 430   | 452,575   |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (b)(f)      | 150   | 3,000     |
| CSC Holdings, Inc., 8.50%, 4/15/14                | 370   | 404,225   |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(c) | 555   | 593,850   |
| Clear Channel Worldwide Holdings, Inc.:           |       |           |
| 9.25%, 12/15/17                                   | 779   | 808,212   |
| Series B, 9.25%, 12/15/17                         | 3,945 | 4,137,319 |
| Cox Enterprises, Inc.:                            |       |           |
| Loan Close 2, 4.00%, 8/15/18                      | 605   | 605,266   |
| Loan Close 3, 8/15/18                             | 700   | 700,000   |
| Shares Loan, 4.00%, 8/15/18                       | 714   | 713,688   |

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<br>(000) | Value      |
|---|-----|--------------|------------|
| <b>Media (concluded)</b>                            |     |              |            |
| DISH DBS Corp., 7.00%, 10/01/13                     | USD | 90           | \$ 93,713  |
| Gray Television, Inc., 10.50%, 6/29/15              |     | 420          | 404,250    |
| Harland Clarke Holdings Corp.:                      |     |              |            |
| 6.00%, 5/15/15 (f)                                  |     | 330          | 277,200    |
| 9.50%, 5/15/15                                      |     | 390          | 371,475    |
| Intelsat Corp., 9.25%, 6/15/16                      |     | 2,090        | 2,215,400  |
| Interactive Data Corp., 10.25%, 8/01/18 (b)         |     | 945          | 980,437    |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(d)        |     | 440          | 539,000    |
| Liberty Media Corp., 3.13%, 3/30/23 (d)             |     | 1,023        | 1,112,512  |
| Lighthouse International Co. SA:                    |     |              |            |
| 8.00%, 4/30/14                                      | EUR | 519          | 388,045    |
| 8.00%, 4/30/14 (b)                                  |     | 53           | 39,627     |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b) | USD | 600          | 579,000    |
| McClatchy Co., 11.50%, 2/15/17 (b)                  |     | 1,285        | 1,326,762  |
| Nielsen Finance LLC:                                |     |              |            |
| 11.63%, 2/01/14                                     |     | 70           | 78,488     |
| 10.00%, 8/01/14                                     |     | 2,085        | 2,189,250  |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(d)(h)     |     | 812          | 771,181    |
| Rainbow National Services LLC (b):                  |     |              |            |
| 8.75%, 9/01/12                                      |     | 410          | 410,513    |
| 10.38%, 9/01/14                                     |     | 1,496        | 1,552,100  |
| Regal Entertainment Group, 9.13%, 8/15/18           |     | 305          | 312,625    |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b)         | EUR | 125          | 147,318    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)          | USD | 1,120        | 1,069,600  |
| UPC Germany GmbH (b):                               |     |              |            |
| 8.13%, 12/01/17                                     | EUR | 640          | 657,600    |
| 8.13%, 12/01/17                                     |     | 407          | 526,086    |
| 9.63%, 12/01/19                                     |     | 530          | 703,546    |
| UPC Holding BV, 9.88%, 4/15/18 (b)                  | USD | 500          | 520,625    |
| Unitymedia GmbH, 9.63%, 12/01/19                    | EUR | 158          | 209,736    |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)               |     | 343          | 441,187    |
|   |     |              | 30,397,724 |
| <b>Metals &amp; Mining 4.1%</b>                     |     |              |            |
| AK Steel Corp., 7.63%, 5/15/20                      | USD | 20           | 20,150     |
| Aleris International, Inc. (a)(h):                  |     |              |            |
| 9.00%, 12/15/14                                     |     | 950          | 1,900      |
| 10.00%, 12/15/16                                    |     | 800          | 304        |
| Drummond Co., Inc.:                                 |     |              |            |
| 9.00%, 10/15/14 (b)                                 |     | 800          | 837,000    |
| 7.38%, 2/15/16                                      |     | 215          | 215,269    |
| FMG Finance Property Ltd. (b):                      |     |              |            |
| 10.00%, 9/01/13                                     |     | 500          | 550,625    |
| 10.63%, 9/01/16                                     |     | 1,100        | 1,274,625  |
| Foundation PA Coal Co., 7.25%, 8/01/14              |     | 1,850        | 1,854,625  |
| Goldcorp, Inc., 2.00%, 8/01/14 (d)                  |     | 615          | 747,994    |

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|   |     |           |
|---|-----|-----------|
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b) | 565 | 498,612   |
| Murray Energy Corp., 10.25%, 10/15/15 (b)   | 490 | 501,025   |
| New World Resources NV:                     |     |           |
| 7.38%, 5/15/15                              | 245 | 304,267   |
| 7.88%, 5/01/18                              | 190 | 243,185   |
| 7.88%, 5/01/18 (b)                          | 192 | 245,745   |
| Novelis, Inc., 11.50%, 2/15/15              | 405 | 445,500   |
| Ryerson, Inc.:                              |     |           |
| 7.84%, 11/01/14 (f)                         | 380 | 352,450   |
| 12.00%, 11/01/15                            | 245 | 252,044   |
| Steel Dynamics, Inc., 7.38%, 11/01/12       | 250 | 265,625   |
| United States Steel Corp., 7.38%, 4/01/20   | 480 | 486,000   |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b)   | 600 | 630,000   |
|   |     | 9,726,945 |

| Corporate Bonds              | Par<br>(000) | Value        |
|------------------------------|--------------|--------------|
| <b>Multiline Retail 2.5%</b> |              |              |
| Dollar General Corp.:        |              |              |
| 10.63%, 7/15/15              | USD 1,285    | \$ 1,410,288 |
| 11.88%, 7/15/17 (c)          | 4,007        | 4,608,050    |
|                              |              | 6,018,338    |

|   |       |           |
|---|-------|-----------|
| <b>Oil, Gas &amp; Consumable Fuels 8.3%</b>   |       |           |
| Arch Coal, Inc.:                              |       |           |
| 8.75%, 8/01/16                                | 55    | 59,538    |
| 7.25%, 10/01/20                               | 790   | 801,850   |
| Atlas Energy Operating Co. LLC:               |       |           |
| 12.13%, 8/01/17                               | 450   | 516,938   |
| 10.75%, 2/01/18                               | 240   | 264,600   |
| Berry Petroleum Co., 8.25%, 11/01/16          | 470   | 474,700   |
| Bill Barrett Corp., 9.88%, 7/15/16            | 40    | 43,400    |
| Chesapeake Energy Corp.:                      |       |           |
| 6.63%, 8/15/20                                | 2,170 | 2,178,137 |
| 2.25%, 12/15/38 (d)                           | 775   | 580,281   |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | 270   | 277,425   |
| Connacher Oil and Gas Ltd. (b):               |       |           |
| 11.75%, 7/15/14                               | 165   | 179,025   |
| 10.25%, 12/15/15                              | 1,075 | 1,075,000 |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)       | 1,825 | 1,936,781 |
| Crosstex Energy LP, 8.88%, 2/15/18            | 375   | 387,188   |
| Denbury Resources, Inc., 8.25%, 2/15/20       | 652   | 696,010   |
| Linn Energy LLC, 8.63%, 4/15/20 (b)           | 1,005 | 1,060,275 |
| Massey Energy Co., 6.88%, 12/15/13            | 865   | 875,812   |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)  | 1,730 | 1,820,825 |
| OPTI Canada, Inc. (b):                        |       |           |
| 9.00%, 12/15/12                               | 1,615 | 1,619,037 |
| 9.75%, 8/15/13                                | 900   | 888,750   |
| Patriot Coal Corp., 8.25%, 4/30/18            | 380   | 377,150   |
| Peabody Energy Corp., 6.50%, 9/15/20          | 1,000 | 1,051,250 |
| Petrohawk Energy Corp.:                       |       |           |
| 10.50%, 8/01/14                               | 530   | 592,275   |
| 7.88%, 6/01/15                                | 450   | 466,875   |
| QEP Resources, Inc., 6.88%, 3/01/21           | 430   | 448,275   |
| Range Resources Corp., 8.00%, 5/15/19         | 400   | 428,000   |

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|   |           |            |
|---|-----------|------------|
| Teekay Corp., 8.50%, 1/15/20                            | 610       | 651,175    |
|   |           | 19,750,572 |
| <b>Paper &amp; Forest Products 2.6%</b>                 |           |            |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c)       | 337       | 287,866    |
| Boise Paper Holdings LLC:                               |           |            |
| 9.00%, 11/01/17   | 310       | 326,275    |
| 8.00%, 4/01/20  | 140       | 142,450    |
| Clearwater Paper Corp., 10.63%, 6/15/16                 | 370       | 416,250    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)                 | 1,525     | 1,669,875  |
| Glatfelter, 7.13%, 5/01/16 (b)                          | 190       | 191,187    |
| NewPage Corp., 11.38%, 12/31/14                         | 2,930     | 2,380,625  |
| Verso Paper Holdings LLC, 11.50%, 7/01/14               | 785       | 828,175    |
|   |           | 6,242,703  |
| <b>Pharmaceuticals 0.6%</b>                             |           |            |
| Angiotech Pharmaceuticals, Inc., 4.29%,<br>12/01/13 (f) | 995       | 803,463    |
| Elan Finance Plc, 8.88%, 12/01/13                       | 90        | 90,675     |
| Novasep Holding SAS, 9.63%, 12/15/16 (b)                | EUR 580   | 617,404    |
|   |           | 1,511,542  |
| <b>Real Estate Investment Trusts (REITs) 0.6%</b>       |           |            |
| iStar Financial, Inc., 5.65%, 9/15/11                   | USD 1,500 | 1,374,375  |
| <b>Real Estate Management &amp; Development 0.5%</b>    |           |            |
| Forest City Enterprises, Inc., 7.63%, 6/01/15           | 1,325     | 1,209,063  |

See Notes to Financial Statements.

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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<br>(000) | Value      |
|--|--------------|------------|
| <b>Road &amp; Rail 0.9%</b>                              |              |            |
| Avis Budget Car Rental LLC, 9.63%, 3/15/18               | USD 475      | \$ 496,375 |
| Hertz Holdings Netherlands BV, 8.50%, 7/31/15 (b)        | EUR 660      | 869,841    |
| Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b)         | USD 750      | 733,125    |
|  |              | 2,099,341  |
| <b>Semiconductors &amp; Semiconductor Equipment 0.2%</b> |              |            |
| Advanced Micro Devices, Inc.:                            |              |            |
| 6.00%, 5/01/15 (d)                                       | 129          | 126,259    |
| 7.75%, 8/01/20 (b)                                       | 265          | 262,350    |
|  |              | 388,609    |
| <b>Software 0.0%</b>                                     |              |            |
| BMS Holdings, Inc., 8.59%, 2/15/12 (b)(c)(f)             | 445          | 8,906      |
| <b>Specialty Retail 1.6%</b>                             |              |            |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (d)(g)          | 985          | 749,831    |
| Hillman Group, Inc., 10.88%, 6/01/18 (b)                 | 490          | 515,725    |
| Ltd. Brands, Inc., 8.50%, 6/15/19                        | 745          | 841,850    |
| Sonic Automotive, Inc., 9.00%, 3/15/18                   | 345          | 351,038    |
| Toys R Us-Delaware, Inc., 7.38%, 9/01/16 (b)             | 390          | 393,900    |
| United Auto Group, Inc., 7.75%, 12/15/16                 | 950          | 907,250    |
|  |              | 3,759,594  |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>         |              |            |
| Quiksilver, Inc., 6.88%, 4/15/15                         | 470          | 434,750    |
| <b>Tobacco 0.1%</b>                                      |              |            |
| Vector Group Ltd., 11.00%, 8/15/15                       | 300          | 305,625    |
| <b>Wireless Telecommunication Services 5.2%</b>          |              |            |
| Cricket Communications, Inc.:                            |              |            |
| 10.00%, 7/15/15  | 1,795        | 1,880,262  |
| 7.75%, 5/15/16   | 336          | 346,920    |
| Digicel Group Ltd. (b):                                  |              |            |
| 8.88%, 1/15/15   | 635          | 639,763    |
| 9.13%, 1/15/15 (c)                                       | 1,711        | 1,719,185  |
| 8.25%, 9/01/17   | 850          | 882,937    |
| 10.50%, 4/15/18  | 500          | 536,250    |
| FiberTower Corp., 9.00%, 1/01/16 (c)                     | 293          | 249,069    |
| iPCS, Inc., 2.59%, 5/01/13 (f)                           | 760          | 710,600    |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14                 | 2,365        | 2,459,600  |

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|   |       |             |
|---|-------|-------------|
| <b>Nextel Communications, Inc.:</b>             |       |             |
| Series E, 6.88%, 10/31/13                       | 1,110 | 1,107,225   |
| Series F, 5.95%, 3/15/14                        | 100   | 96,625      |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b) | 265   | 251,750     |
| Sprint Capital Corp., 6.88%, 11/15/28           | 1,720 | 1,436,200   |
|   |       | 12,316,386  |
| <b>Total Corporate Bonds 98.9%</b>              |       | 235,210,163 |

**Floating Rate Loan Interests (f)**

**Auto Components 1.0%**

|   |       |           |
|---|-------|-----------|
| <b>Affinion Group Holdings, Inc., Term Loan, 8.51%,<br/>3/01/12 (c)</b> |       |           |
|   | 455   | 436,988   |
| <b>Allison Transmission, Inc., Term Loan, 3.04%, 8/07/14</b>            | 2,164 | 1,994,156 |
|   |       | 2,431,144 |

**Automobiles 1.3%**

|   |       |           |
|---|-------|-----------|
| <b>Ford Motor Co., Tranche B-1 Term Loan, 3.03%,<br/>12/15/13</b> | 3,243 | 3,119,476 |
|---|-------|-----------|

**Building Products 1.2%**

|   |       |           |
|---|-------|-----------|
| <b>CPG International I, Inc., Term Loan, 5.54%, 2/28/11</b> | 2,940 | 2,939,698 |
|---|-------|-----------|

| <b>Floating Rate Loan Interests (f)</b>   | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|----------------------|--------------|
| <b>Capital Markets 0.1%</b>   |                      |              |
| <b>Marsico Parent Co., LLC, Term Loan,<br/>5.31% 5.56%, 12/15/14</b>                              | USD 377              | \$ 261,513   |
| <b>Chemicals 0.2%</b>   |                      |              |
| <b>PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan<br/>(First Lien), 3.52% 3.73%, 7/30/14</b> | 406                  | 371,090      |
| <b>Construction &amp; Engineering 0.7%</b>  |                      |              |
| <b>Safway Services, LLC, Last Out Tranche Loan, 15.63%,<br/>12/14/17</b>                          | 1,750                | 1,750,000    |
| <b>Diversified Telecommunication Services 1.8%</b>  |                      |              |
| <b>Wind Finance SL SA, Euro Facility (Second Lien),<br/>7.89%, 12/17/14</b>                       | EUR 3,350            | 4,236,667    |
| <b>Health Care Providers &amp; Services 0.8%</b>  |                      |              |
| <b>Harden Healthcare LLC:</b>   |                      |              |
| <b>Add-on Term Loan, 7.75%, 3/02/15</b>   | USD 500              | 490,000      |
| <b>Tranche A Term Loan, 8.50%, 2/22/15</b>  | 436                  | 427,280      |
| <b>inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term<br/>Loan B, 6.50%, 7/31/16</b>          | 900                  | 898,312      |
|   |                      | 1,815,592    |

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|   |     |       |           |
|---|-----|-------|-----------|
| <b>Hotels, Restaurants &amp; Leisure 1.2%</b>   |     |       |           |
| Travelport LLC (FKA Travelport, Inc.), Loan, 8.37%,<br>3/27/12 (c)  |     | 3,121 | 2,902,582 |
| <b>IT Services 0.4%</b>   |     |       |           |
| First Data Corp.:   |     |       |           |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14   |     | 47    | 39,964    |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14   |     | 380   | 323,556   |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14   |     | 743   | 633,782   |
|   |     |       | 997,302   |
| <b>Independent Power Producers &amp; Energy Traders 1.0%</b>  |     |       |           |
| Texas Competitive Electric Holdings Co., LLC (TXU):   |     |       |           |
| Initial Tranche B-1 Term Loan, 3.79% 4.03%,<br>10/10/14   |     | 205   | 155,503   |
| Initial Tranche B-2 Term Loan, 3.79% 4.07%,<br>10/10/14   |     | 296   | 224,518   |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%,<br>10/10/14   |     | 2,558 | 1,928,166 |
|   |     |       | 2,308,187 |
| <b>Media 1.6%</b>   |     |       |           |
| Cengage Learning Acquisitions, Inc. (Thomson<br>Learning), Tranche 1 Incremental Term Loan,<br>7.50%, 7/03/14 |     | 1,470 | 1,465,100 |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>5.79%, 6/12/14 (c)  |     | 883   | 804,193   |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%,<br>8/01/13  |     | 1,375 | 1,459,219 |
|   |     |       | 3,728,512 |
| <b>Multiline Retail 0.6%</b>  |     |       |           |
| Hema Holding BV, Mezzanine, 9.15%, 1/29/17 (c)  | EUR | 1,043 | 1,216,042 |
| The Neiman Marcus Group, Inc., Term Loan,<br>2.30%, 4/06/13   | USD | 225   | 213,631   |
|   |     |       | 1,429,673 |
| <b>Oil, Gas &amp; Consumable Fuels 1.3%</b>   |     |       |           |
| Tronox Worldwide LLC:   |     |       |           |
| Tranche B-1 Term Loan, 11.25%, 9/20/10  |     | 1,104 | 1,112,496 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10  |     | 296   | 298,879   |
| Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18 (c)   |     | 2,216 | 1,756,268 |
|   |     |       | 3,167,643 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Paper &amp; Forest Products 0.3%</b>                                 |              |            |
| Verso Paper Finance Holdings LLC, PIK Loan,<br>6.69% 7.44%, 2/01/13 (c) | USD 1,240    | \$ 743,985 |
| <b>Real Estate Management &amp; Development 0.6%</b>                    |              |            |
| Realogy Corp.:  |              |            |
| Initial Term Loan B, 3.30% 3.53%, 10/10/13                              | 373          | 322,075    |
| Synthetic Letter of Credit, 0.11%, 10/10/13                             | 75           | 64,760     |
| Second Lien Term Facility, 13.50%, 10/15/17                             | 925          | 975,875    |
|   |              | 1,362,710  |
| <b>Specialty Retail 0.2%</b>  |              |            |
| Claire's Stores, Inc., Term Loan B, 3.01% 3.23%,<br>5/29/14             | 133          | 113,398    |
| Michaels Stores, Inc., Term Loan B-1, 2.63% 2.81%,<br>10/31/13          | 331          | 312,138    |
|   |              | 425,536    |
| <b>Total Floating Rate Loan Interests 14.3%</b>                         |              | 33,991,310 |

| Other Interests (i)   | Beneficial<br>Interest<br>(000) |           |
|---|---------------------------------|-----------|
| <b>Auto Components 1.9%</b>   |                                 |           |
| Delphi Debtor-in-Possession Holding Co. LLP<br>Class B Membership Interests | (j)                             | 4,553,557 |
| <b>Media 0.0%</b>   |                                 |           |
| Adelphia Escrow   | 700                             | 70        |
| Adelphia Recovery Trust   | 878                             | 3,512     |
|   |                                 | 3,582     |
| <b>Total Other Interests 1.9%</b>   |                                 | 4,557,139 |

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| Preferred Stocks                               | Shares |           |
|--|--------|-----------|
| <b>Diversified Financial Services 0.9%</b>     |        |           |
| Ally Financial Inc., 7.00% (b)                 | 2,674  | 2,208,808 |
| <b>Household Durables 0.1%</b>                 |        |           |
| Beazer Homes USA, Inc., 7.50% (d)              | 5,000  | 99,050    |
| <b>Media 0.0%</b>                              |        |           |
| CMP Susquehanna Radio Holdings Corp. (a)(b)(f) | 34,982 |           |
| <b>Total Preferred Stocks 1.0%</b>             |        | 2,307,858 |

**Warrants (k)**

|  |        |             |
|--|--------|-------------|
| <b>Health Care Providers &amp; Services 0.0%</b>                   |        |             |
| HealthSouth Corp. (Expires 1/16/14)                                | 29,930 | 1           |
| <b>Media 0.0%</b>  |        |             |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (b)      | 39,975 |             |
| New Vision Holdings LLC (Expires 9/30/14)                          | 14,965 | 150         |
|  |        | 150         |
| <b>Oil, Gas &amp; Consumable Fuels 0.0%</b>                        |        |             |
| Turbo Cayman Ltd. (No Expiration)                                  | 1      |             |
| <b>Software 0.0%</b>   |        |             |
| HMH Holdings/EduMedia (Expires 3/09/17)                            | 9,997  |             |
| <b>Total Warrants 0.0%</b>   | 151    |             |
| <b>Total Long-Term Investments<br/>(Cost \$285,578,895) 118.0%</b> |        | 280,727,944 |

| Short-Term Securities   | Shares  | Value      |
|---|---------|------------|
| BlackRock Liquidity Funds, TempCash,<br>Institutional Class, 0.27% (l)(m) | 322,368 | \$ 322,368 |
| <b>Total Short-Term Securities<br/>(Cost \$322,368) 0.1%</b>              |         | 322,368    |

| Options Purchased  | Contracts |
|--|-----------|
| <b>Over-the-Counter Call Options 0.0%</b>  |           |
| Marsico Parent Superholdco LLC, Strike Price<br>USD 942.86, expires 12/21/19, Broker | 17        |

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Goldman Sachs Bank USA

|  |      |                |
|--|------|----------------|
| <b>Total Options Purchased</b>                 |      |                |
| (Cost \$16,622)                                | 0.0% |                |
| <b>Total Investments (Cost \$285,917,885*)</b> |      | 281,050,312    |
| 118.1%   |      |                |
| <b>Liabilities in Excess of Other Assets</b>   |      | (43,199,176)   |
| (18.1)%  |      |                |
| <b>Net Assets</b>                              |      | \$ 237,851,136 |
| 100.0%   |      |                |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 287,104,524 |
| Gross unrealized appreciation | \$ 13,346,589  |
| Gross unrealized depreciation | (19,400,801)   |
| Net unrealized depreciation   | \$ (6,054,212) |

- (a) Non-income producing security.
- (b) 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.
- (c) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (d) Convertible security.
- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (j) Amount is less than \$1,000.
- (k) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (l) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at<br>February 28,<br>2010 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income |
|-----------|--|-----------------|--------------------------------------|--------|
|-----------|--|-----------------|--------------------------------------|--------|

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BlackRock Liquidity  
Funds, TempFund,  
Institutional Class

4,931,674 (4,609,306) 322,368 \$ 2,350

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

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Corporate High Yield Fund, Inc. (COY)

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold  | Counterparty               | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|----------------|----------------------------|-----------------|--|
| EUR 763,800        | USD 980,728    | Citibank NA                | 9/15/10         | \$ (12,823)                            |
| USD 16,539,551     | EUR 13,056,000 | Citibank NA                | 9/15/10         | (5,315)                                |
| USD 489,452        | EUR 385,000    | Deutsche Bank AG           | 9/15/10         | 1,571                                  |
| USD 179,941        | CAD 190,000    | Deutsche Bank AG           | 10/20/10        | 1,906                                  |
| GBP 114,000        | USD 177,834    | UBS AG                     | 10/20/10        | (3,059)                                |
| USD 2,115,757      | GBP 1,386,000  | Citibank NA                | 10/20/10        | (9,141)                                |
| USD 293,808        | GBP 192,500    | Deutsche Bank AG           | 10/20/10        | (1,317)                                |
| USD 178,806        | GBP 116,000    | Royal Bank of Scotland Plc | 10/20/10        | 964                                    |
| <b>Total</b>       |                |                            |                 | <b>\$ (27,214)</b>                     |

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts | Issue         | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation |
|-----------|---------------|--------------------|-----------------|----------------|-------------------------|
| 26        | S&P 500 Index | Chicago Mercantile | September 2010  | \$ 6,922,729   | \$ 108,779              |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                         | Pay Fixed Rate | Counterparty                          | Expiration     | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------------------|----------------|---------------------------------------|----------------|-----------------------|--|
| iStar Financial, Inc.          | 5.00%          | Morgan Stanley Capital Services, Inc. | September 2011 | \$ 1,500              | \$ 35,889                              |
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs Bank USA                | December 2011  | \$ 475                | 28,246                                 |



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|                                |       |                        |               |        |                   |
|--------------------------------|-------|------------------------|---------------|--------|-------------------|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | December 2013 | \$ 925 | 155,858           |
| Louisiana-Pacific Corp.        | 5.00% | JPMorgan Chase Bank NA | March 2014    | \$ 500 | (106,314)         |
| <b>Total</b>                   |       |                        |               |        | <b>\$ 113,679</b> |

Credit default swaps on single-name issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer                                      | Receive Fixed Rate | Counterparty                | Expiration     | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|---|--------------------|-----------------------------|----------------|----------------------------|------------------------------------|--|
| Texas Competitive Electric Holdings Co. LLC | 5.00%              | Goldman Sachs International | September 2012 | CCC                        | \$ 475                             | \$ (42,756)                            |
| Realogy Corp.                               | 5.00%              | Credit Suisse International | March 2015     | C                          | \$ 100                             | 699                                    |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 450                             | (15,573)                               |
| Advanced Micro Devices, Inc.                | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | B+                         | \$ 550                             | (6,161)                                |
| Levi Strauss & Co.                          | 5.00%              | Citibank NA                 | June 2015      | B+                         | \$ 360                             | 221                                    |
| NOVA Chemicals Corp.                        | 5.00%              | Goldman Sachs International | June 2015      | B+                         | \$ 350                             | (6,416)                                |
| Levi Strauss & Co.                          | 5.00%              | Goldman Sachs International | September 2015 | B+                         | \$ 500                             |  |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | September 2015 | C                          | \$ 125                             | (450)                                  |
| <b>Total</b>                                |                    |                             |                |                            |                                    | <b>\$ (70,436)</b>                     |

<sup>1</sup> Using Standard & Poor's rating of the issuer.

<sup>2</sup> The maximum potential amount the Fund may pay should a negative credit take place as defined under the terms of the agreement.

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

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Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 or liabilities 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies 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.

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Corporate High Yield Fund, Inc. (COY)

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs             | Level 1             | Level 2               | Level 3              | Total                 |
|------------------------------|---------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                     |                       |                      |                       |
| Investments in Securities:   |                     |                       |                      |                       |
| Long-Term Investments:       |                     |                       |                      |                       |
| Common Stocks                | \$ 4,022,995        | \$ 222,335            | \$ 415,993           | \$ 4,661,323          |
| Corporate Bonds              |                     | 230,198,853           | 5,011,310            | 235,210,163           |
| Floating Rate Loan Interests |                     | 22,125,725            | 11,865,585           | 33,991,310            |
| Other Interests              |                     | 4,553,557             | 3,582                | 4,557,139             |
| Preferred Stocks             | 2,307,858           |                       |                      | 2,307,858             |
| Warrants                     |                     |                       | 151                  | 151                   |
| Short-Term Securities        | 322,368             |                       |                      | 322,368               |
| <b>Liabilities:</b>          |                     |                       |                      |                       |
| Unfunded Loan Commitments    |                     |                       | (21,252)             | (21,252)              |
| <b>Total</b>                 | <b>\$ 6,653,221</b> | <b>\$ 257,100,470</b> | <b>\$ 17,275,369</b> | <b>\$ 281,029,060</b> |

Derivative Financial Instruments<sup>1</sup>

| Valuation Inputs                    | Level 1           | Level 2          | Level 3 | Total             |
|-------------------------------------|-------------------|------------------|---------|-------------------|
| <b>Assets:</b>                      |                   |                  |         |                   |
| Credit contracts                    |                   | \$ 220,913       |         | \$ 220,913        |
| Equity contracts                    | \$ 108,779        |                  |         | 108,779           |
| Foreign currency exchange contracts |                   | 4,441            |         | 4,441             |
| <b>Liabilities:</b>                 |                   |                  |         |                   |
| Credit contracts                    |                   | (177,670)        |         | (177,670)         |
| Foreign currency exchange contracts |                   | (31,655)         |         | (31,655)          |
| <b>Total</b>                        | <b>\$ 108,779</b> | <b>\$ 16,029</b> |         | <b>\$ 124,808</b> |

<sup>1</sup> Derivative financial instruments are financial futures contracts, swaps and foreign currency exchange contracts. Financial futures contracts, swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

Warrants

Total

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|  | Common<br>Stocks  | Corporate<br>Bonds  | Floating Rate<br>Loan Interests | Other<br>Interests |               | Unfunded<br>Loan<br>Commitments |                      |
|--|-------------------|---------------------|---------------------------------|--------------------|---------------|---------------------------------|----------------------|
| <b>Assets/Liabilities:</b>   |                   |                     |                                 |                    |               |                                 |                      |
| Balance, as of February 28, 2010                                   | \$ 75,096         | \$ 3,961,360        | \$ 19,218,811                   | \$ 4,212,670       | \$ 150        | \$ (51,643)                     | \$ 27,416,444        |
| Accrued discounts/premiums   |                   | 12,626              | 79,364                          |                    |               |                                 | 91,990               |
| Net realized gain (loss)   |                   | 5,192               | 215,474                         | 311,075            | 22,463        |                                 | 554,204              |
| Net change in unrealized<br>appreciation/depreciation <sup>2</sup> | 8,805             | (138,594)           | 852,238                         | 323,519            | 1             | 30,391                          | 1,076,360            |
| Purchases  |                   | 34,239              | 8,418,054                       | 319,000            |               |                                 | 8,771,293            |
| Sales  |                   |                     | (13,176,786)                    | (609,125)          | (22,463)      |                                 | (13,808,374)         |
| Transfers in <sup>3</sup>  | 415,922           | 1,390,000           | 917,280                         |                    |               |                                 | 2,723,202            |
| Transfers out <sup>3</sup>   | (83,830)          | (253,513)           | (4,658,850)                     | (4,553,557)        |               |                                 | (9,549,750)          |
| <b>Balance, as of August 31, 2010</b>                              | <b>\$ 415,993</b> | <b>\$ 5,011,310</b> | <b>\$ 11,865,585</b>            | <b>\$ 3,582</b>    | <b>\$ 151</b> | <b>\$ (21,252)</b>              | <b>\$ 17,275,369</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$249,870.

<sup>3</sup> The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

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Schedule of Investments August 31, 2010 (Unaudited)

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

| Common Stocks                                  | Shares  | Value          |
|--|---------|----------------|
| <b>Building Products 0.1%</b>                  |         |                |
| Masonite Worldwide Holdings (a)                | 5,365   | \$ 203,870     |
| <b>Capital Markets 0.1%</b>                    |         |                |
| E*Trade Financial Corp. (a)                    | 29,600  | 367,336        |
| <b>Chemicals 0.2%</b>                          |         |                |
| LyondellBasell Industries NV, Class A (a)      | 6,388   | 130,954        |
| LyondellBasell Industries NV, Class B (a)      | 18,485  | 378,758        |
| Wellman Holdings, Inc. (a)                     | 1,522   | 76             |
|  |         | <u>509,788</u> |
| <b>Commercial Services &amp; Supplies 0.1%</b> |         |                |
| Air Lease Corp. (a)(b)                         | 12,900  | 258,000        |
| <b>Communications Equipment 0.5%</b>           |         |                |
| Loral Space & Communications Ltd. (a)          | 25,022  | 1,339,678      |
| <b>Construction Materials 0.0%</b>             |         |                |
| Nortek, Inc. (a)                               | 2,145   | 89,017         |
| <b>Diversified Financial Services 0.0%</b>     |         |                |
| Citigroup, Inc. (a)                            | 1       | 4              |
| <b>Electrical Equipment 0.0%</b>               |         |                |
| Medis Technologies Ltd. (a)                    | 70,784  | 2,194          |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>  |         |                |
| Buffets Restaurants Holdings, Inc. (a)         | 1,099   | 4,616          |
| <b>Household Durables 0.2%</b>                 |         |                |
| Beazer Homes USA, Inc. (a)                     | 153,500 | 531,110        |
| <b>Machinery 0.2%</b>                          |         |                |
| Accuride Corp., Restricted Shares (a)          | 90,983  | 100,081        |
| Navistar International Corp. (a)               | 9,400   | 393,672        |
|  |         | <u>493,753</u> |
| <b>Media 0.7%</b>                              |         |                |
| Charter Communications, Inc. (a)               | 16,555  | 562,870        |
| Gannett Co., Inc.                              | 44,700  | 540,423        |
| Gray Television, Inc. (a)                      | 162,000 | 299,700        |
| Sinclair Broadcast Group, Inc., Class A (a)    | 50,000  | 299,000        |

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|  |         |           |
|--|---------|-----------|
|  |         | 1,701,993 |
| <b>Paper &amp; Forest Products 0.3%</b>                  |         |           |
| Ainsworth Lumber Co. Ltd. (a)                            | 122,117 | 286,297   |
| Ainsworth Lumber Co. Ltd. (a)(b)                         | 140,415 | 329,195   |
| Western Forest Products, Inc. (a)                        | 158,023 | 43,716    |
| Western Forest Products, Inc. (a)(b)                     | 45,762  | 12,660    |
|  |         | 671,868   |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b> |         |           |
| SunPower Corp., Class B (a)                              | 778     | 8,044     |
| <b>Software 0.3%</b>                                     |         |           |
| HMH Holdings/EduMedia (a)                                | 90,514  | 452,570   |
| TiVo, Inc. (a)   | 26,525  | 208,487   |
|  |         | 661,057   |
| <b>Wireless Telecommunication Services 0.1%</b>          |         |           |
| FiberTower Corp. (a)                                     | 76,542  | 274,786   |
| <b>Total Common Stocks 2.8%</b>                          |         | 7,117,114 |

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Aerospace &amp; Defense 0.4%</b>                                     |              |            |
| Bombardier, Inc., 7.75%, 3/15/20 (b)                                    | USD 200      | \$ 215,000 |
| DynCorp International, Inc., 10.38%, 7/01/17 (b)                        | 230          | 228,850    |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17           | 540          | 557,550    |
|   |              | 1,001,400  |
| <b>Air Freight &amp; Logistics 0.6%</b>                                 |              |            |
| National Air Cargo Group, Inc.:   |              |            |
| Series 1, 12.38%, 8/16/15   | 755          | 755,000    |
| Series 2, 12.38%, 8/16/15   | 755          | 755,000    |
|   |              | 1,510,000  |
| <b>Airlines 2.9%</b>  |              |            |
| Air Canada (b):   |              |            |
| 9.25%, 8/01/15  | 1,060        | 1,038,800  |
| 12.00%, 2/01/16   | 280          | 261,800    |
| American Airlines, Inc., 10.50%, 10/15/12 (b)                           | 940          | 998,750    |
| American Airlines Pass Through Trust, Series<br>2001-02, 7.86%, 4/01/13 | 400          | 418,600    |
| Continental Airlines, Inc.:   |              |            |
| 6.75%, 9/15/15 (b)  | 630          | 623,700    |
| Series 1997-4-B, 6.90%, 7/02/18 (c)                                     | 522          | 508,827    |
| Series 2001-1-C, 7.03%, 12/15/12  | 250          | 249,236    |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16                        | 1,045        | 1,097,526  |
| United Air Lines, Inc., 12.75%, 7/15/12                                 | 2,082        | 2,320,895  |

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7,518,134

**Auto Components 1.5%**

|  |       |           |
|--|-------|-----------|
| Allison Transmission, Inc. (b):          |       |           |
| 11.00%, 11/01/15                         | 230   | 247,250   |
| 11.25%, 11/01/15 (d)                     | 177   | 190,275   |
| Delphi International Holdings Unsecured, |       |           |
| 12.00%, 10/06/14                         | 91    | 89,282    |
| The Goodyear Tire & Rubber Co.:          |       |           |
| 8.25%, 8/15/20                           | 440   | 450,450   |
| 8.75%, 8/15/20                           | 250   | 264,375   |
| Icahn Enterprises LP:                    |       |           |
| 4.00%, 8/15/13 (b)(e)(f)                 | 255   | 232,050   |
| 8.00%, 1/15/18                           | 2,470 | 2,457,650 |
|  |       | 3,931,332 |

**Beverages 0.1%**

|  |         |         |
|--|---------|---------|
| Cott Beverages USA, Inc., 8.13%, 9/01/18 (b)   |         |         |
|  | 264     | 271,590 |
| Crown European Holdings SA, 7.13%, 8/15/18 (b) | EUR 245 | 318,238 |
|  |         | 589,828 |

**Biotechnology 0.2%**

|                                 |         |         |
|---------------------------------|---------|---------|
| QHP Pharma, 10.25%, 3/15/15 (b) | USD 591 | 602,400 |
|---------------------------------|---------|---------|

**Building Products 1.5%**

|   |       |           |
|---|-------|-----------|
| Associated Materials LLC, 9.88%, 11/15/16         |       |           |
|   | 770   | 816,200   |
| Building Materials Corp. of America (b):          |       |           |
| 6.88%, 8/15/18                                    | 530   | 515,425   |
| 7.00%, 2/15/20                                    | 620   | 616,900   |
| Momentive Performance Materials, Inc., Series WI, |       |           |
| 9.75%, 12/01/14                                   | 735   | 717,544   |
| Ply Gem Industries, Inc., 11.75%, 6/15/13         | 1,180 | 1,215,400 |
|   |       | 3,881,469 |

**Capital Markets 0.7%**

|                                    |         |         |
|------------------------------------|---------|---------|
| E*Trade Financial Corp. (e)(g):    |         |         |
| 3.39%, 8/31/19 (b)                 | 244     | 292,800 |
| Series A, 3.64%, 8/31/19           | 7       | 8,400   |
| MU Finance Plc, 8.75%, 2/01/17 (b) | GBP 422 | 621,312 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Corporate Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Capital Markets (concluded)</b>                         |              |            |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b)               | USD 963      | \$ 356,310 |
| Marsico Parent Holdco, LLC, 12.50%,<br>7/15/16 (b)(d)      | 272          | 24,452     |
| Marsico Parent Superholdco, LLC, 14.50%,<br>1/15/18 (b)(d) | 289          | 26,008     |
| Offshore Group Investments Ltd., 11.50%,<br>8/01/15 (b)    | 520          | 518,700    |
|  |              | 1,847,982  |
| <b>Chemicals 3.5%</b>                                      |              |            |
| American Pacific Corp., 9.00%, 2/01/15                     | 880          | 870,100    |
| CF Industries, Inc.:                                       |              |            |
| 6.88%, 5/01/18   | 440          | 463,100    |
| 7.13%, 5/01/20   | 780          | 836,550    |
| Chemtura Corp., 7.88%, 9/01/18 (b)                         | 530          | 541,262    |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b)                     | 165          | 170,981    |
| Hexion U.S. Finance Corp.:                                 |              |            |
| 9.75%, 11/15/14  | 790          | 776,175    |
| 8.88%, 2/01/18   | 765          | 707,625    |
| Huntsman International LLC (b):                            |              |            |
| 6.88%, 11/15/13  | 280          | 349,508    |
| 8.63%, 3/15/20   | 235          | 232,944    |
| Ineos Finance Plc, 9.00%, 5/15/15 (b)                      | 420          | 424,725    |
| Innophos, Inc., 8.88%, 8/15/14                             | 825          | 845,625    |
| MacDermid, Inc., 9.50%, 4/15/17 (b)                        | 1,260        | 1,277,325  |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b)                    | 555          | 585,525    |
| Wellman Holdings, Inc., Subordinate Note (e):              |              |            |
| (Second Lien), 10.00%, 1/29/19 (b)                         | 844          | 734,280    |
| (Third Lien), 5.00%, 1/29/19 (d)                           | 276          | 107,749    |
|  |              | 8,923,474  |
| <b>Commercial Banks 3.1%</b>                               |              |            |
| CIT Group, Inc.:   |              |            |
| 7.00%, 5/01/16   | 3,076        | 2,922,662  |
| 7.00%, 5/01/17   | 5,170        | 4,861,488  |
| Glitnir Banki HF (a)(h):                                   |              |            |
| 4.15%, 4/20/10 (b)   | 111          | 31,635     |
| 6.38%, 9/25/12 (b)   | 500          | 142,500    |
| Series EMTN, 5.07%, 1/27/10                                | EUR 50       | 17,741     |
| Series EMTN, 3.00%, 6/30/10                                | 45           | 15,967     |
| Series GMTN, 4.38%, 2/05/10                                | 50           | 17,742     |
|  |              | 8,009,735  |



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| <b>Commercial Services &amp; Supplies 1.0%</b>          |     |       |           |
|---|-----|-------|-----------|
| ACCO Brands Corp., 10.63%, 3/15/15                      | USD | 250   | 275,000   |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)         |     | 585   | 637,650   |
| Scientific Games International, Inc.,<br>9.25%, 6/15/19 |     | 230   | 243,800   |
| West Corp., 11.00%, 10/15/16                            |     | 1,290 | 1,354,500 |
|   |     |       | 2,510,950 |

| <b>Construction Materials 1.0%</b> |  |       |           |
|------------------------------------|--|-------|-----------|
| Nortek, Inc., 11.00%, 12/01/13     |  | 2,395 | 2,523,239 |

| <b>Consumer Finance 1.0%</b>                     |  |       |           |
|--|--|-------|-----------|
| Credit Acceptance Corp., 9.13%, 2/01/17 (b)      |  | 680   | 704,650   |
| Ford Motor Credit Co. LLC:<br>3.28%, 1/13/12 (f) |  | 215   | 210,700   |
| 7.80%, 6/01/12                                   |  | 200   | 210,468   |
| 8.00%, 12/15/16                                  |  | 180   | 195,468   |
| 6.63%, 8/15/17                                   |  | 1,260 | 1,280,629 |
|  |  |       | 2,601,915 |

| Corporate Bonds  |     | Par<br>(000) |    | Value     |
|--|-----|--------------|----|-----------|
| <b>Containers &amp; Packaging 3.2%</b>                   |     |              |    |           |
| Ball Corp., 6.75%, 9/15/20                               | USD | 525          | \$ | 552,562   |
| Berry Plastics Corp.:                                    |     |              |    |           |
| 8.88%, 9/15/14   |     | 810          |    | 771,525   |
| 8.25%, 11/15/15  |     | 135          |    | 135,338   |
| 9.50%, 5/15/18 (b)                                       |     | 435          |    | 400,200   |
| Berry Plastics Holding Corp., 8.88%, 9/15/14             |     | 2,470        |    | 2,352,675 |
| Graphic Packaging International, Inc.,<br>9.50%, 6/15/17 |     | 840          |    | 894,600   |
| Impress Holdings BV, 3.65%, 9/15/13 (b)(f)               |     | 420          |    | 396,900   |
| Owens-Brockway Glass Container, Inc.,<br>6.75%, 12/01/14 | EUR | 155          |    | 198,388   |
| Pregis Corp., 12.38%, 10/15/13                           | USD | 1,200        |    | 1,200,000 |
| Smurfit Kappa Acquisitions (b):                          |     |              |    |           |
| 7.25%, 11/15/17  |     | 495          |    | 639,835   |
| 7.75%, 11/15/19  |     | 470          |    | 610,498   |
|  |     |              |    | 8,152,521 |

| <b>Diversified Consumer Services 1.2%</b>   |  |       |           |
|---|--|-------|-----------|
| Service Corp. International, 7.00%, 6/15/17 |  | 3,000 | 3,105,000 |

| <b>Diversified Financial Services 6.9%</b>         |  |       |           |
|--|--|-------|-----------|
| Ally Financial Inc. (b):                           |  |       |           |
| 8.30%, 2/12/15                                     |  | 1,990 | 2,069,600 |
| 7.50%, 9/15/20                                     |  | 1,910 | 1,890,900 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 |  | 995   | 996,244   |
| FCE Bank Plc:                                      |  |       |           |
| 7.88%, 2/15/11                                     |  | 700   | 1,086,973 |
| 7.13%, 1/16/12                                     |  | 1,800 | 2,360,888 |
| 7.13%, 1/15/13                                     |  | 1,050 | 1,377,184 |
| GMAC, Inc.:  |  |       |           |
| 7.50%, 12/31/13                                    |  | 280   | 285,950   |
| 2.74%, 12/01/14 (f)                                |  | 394   | 338,732   |

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|  |       |            |
|--|-------|------------|
| 8.00%, 3/15/20 (b)                                       | 3,180 | 3,259,500  |
| Leucadia National Corp., 8.13%, 9/15/15                  | 1,175 | 1,251,375  |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (b)   | 1,460 | 1,470,950  |
| Reynolds Group Issuer, Inc. (b):                         |       |            |
| 7.75%, 10/15/16  | 400   | 514,499    |
| 8.50%, 5/15/18   | 775   | 744,000    |
|  |       | 17,646,795 |
| <b>Diversified Telecommunication Services 4.5%</b>       |       |            |
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12       | 1,035 | 1,014,300  |
| Frontier Communications Corp.:                           |       |            |
| 7.88%, 4/15/15   | 630   | 664,650    |
| 8.25%, 4/15/17   | 800   | 846,000    |
| 8.50%, 4/15/20   | 350   | 371,438    |
| GCI, Inc., 8.63%, 11/15/19                               | 1,200 | 1,260,000  |
| ITC Deltacom, Inc., 10.50%, 4/01/16                      | 540   | 531,900    |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (b) | 215   | 225,750    |
| Qwest Communications International, Inc.:                |       |            |
| 7.50%, 2/15/14   | 2,020 | 2,057,875  |
| 8.00%, 10/01/15 (b)                                      | 600   | 645,000    |
| Series B, 7.50%, 2/15/14                                 | 1,450 | 1,477,187  |
| Qwest Corp.:   |       |            |
| 7.63%, 6/15/15   | 525   | 589,312    |
| 8.38%, 5/01/16   | 680   | 792,200    |
| Windstream Corp.:  |       |            |
| 8.13%, 8/01/13   | 460   | 490,475    |
| 7.88%, 11/01/17  | 630   | 639,450    |
|  |       | 11,605,537 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Corporate Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Energy Equipment &amp; Services 1.9%</b>                  |              |              |
| Compagnie Générale de Géophysique-Veritas:<br>7.50%, 5/15/15 | USD 1,315    | \$ 1,301,850 |
| 7.75%, 5/15/17   | 320          | 317,600      |
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (b)         | 1,835        | 1,715,725    |
| Global Geophysical Services, Inc., 10.50%,<br>5/01/17 (b)    | 310          | 306,900      |
| North American Energy Alliance LLC, 10.88%,<br>6/01/16 (b)   | 665          | 718,200      |
| Thermon Industries, Inc., 9.50%, 5/01/17 (b)                 | 555          | 568,875      |
|  |              | 4,929,150    |
| <b>Food &amp; Staples Retailing 0.9%</b>                     |              |              |
| AmeriQual Group LLC, 9.50%, 4/01/12 (b)                      | 800          | 784,000      |
| Rite Aid Corp.:<br>9.75%, 6/12/16                            | 410          | 435,625      |
| 10.25%, 10/15/19   | 670          | 688,425      |
| 8.00%, 8/15/20 (b)   | 530          | 526,688      |
|  |              | 2,434,738    |
| <b>Food Products 0.5%</b>                                    |              |              |
| B&G Foods, Inc., 7.63%, 1/15/18                              | 220          | 226,325      |
| Reddy Ice Corp., 11.25%, 3/15/15 (b)                         | 440          | 446,050      |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b)                  | 460          | 513,475      |
| TreeHouse Foods, Inc., 7.75%, 3/01/18                        | 160          | 169,200      |
|  |              | 1,355,050    |
| <b>Health Care Equipment &amp; Supplies 1.4%</b>             |              |              |
| DJO Finance LLC, 10.88%, 11/15/14                            | 2,455        | 2,629,919    |
| Hologic, Inc., 2.00%, 12/15/37 (e)(i)                        | 955          | 863,081      |
|  |              | 3,493,000    |
| <b>Health Care Providers &amp; Services 4.9%</b>             |              |              |
| American Renal Holdings, 8.38%, 5/15/18 (b)                  | 280          | 280,000      |
| Gentiva Health Services, Inc., 11.50%, 9/01/18 (b)           | 710          | 734,850      |
| HCA, Inc.:<br>9.13%, 11/15/14                                | 1,785        | 1,874,250    |
| 8.50%, 4/15/19   | 1,020        | 1,118,175    |
| 7.25%, 9/15/20   | 2,315        | 2,419,175    |
| inVentiv Health Inc., 10.00%, 8/15/18 (b)                    | 650          | 635,375      |
| Omnicare, Inc., 7.75%, 6/01/20                               | 500          | 500,000      |

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|                         |       |            |
|-------------------------|-------|------------|
| Tenet Healthcare Corp.: |       |            |
| 9.00%, 5/01/15          | 1,799 | 1,915,935  |
| 10.00%, 5/01/18         | 644   | 724,500    |
| 8.88%, 7/01/19          | 2,279 | 2,464,169  |
|                         |       | 12,666,429 |

|                                       |       |           |
|---------------------------------------|-------|-----------|
| <b>Health Care Technology 1.1%</b>    |       |           |
| IMS Health, Inc., 12.50%, 3/01/18 (b) | 2,405 | 2,786,794 |

|  |         |           |
|--|---------|-----------|
| <b>Hotels, Restaurants &amp; Leisure 2.3%</b>                            |         |           |
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                               | 1,190   | 1,124,550 |
| Enterprise Inns Plc, 6.50%, 12/06/18                                     | GBP 425 | 537,963   |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17                            | USD 660 | 706,200   |
| Inn of the Mountain Gods Resort & Casino,<br>12.00%, 11/15/10 (a)(h)     | 1,550   | 678,125   |
| Little Traverse Bay Bands of Odawa Indians,<br>10.25%, 2/15/14 (a)(b)(h) | 1,290   | 435,375   |
| MGM Mirage, 13.00%, 11/15/13   | 110     | 127,050   |
| MGM Resorts International:   |         |           |
| 10.38%, 5/15/14  | 255     | 277,950   |
| 11.13%, 11/15/17   | 820     | 916,350   |
| Marina District Finance Co., Inc., 9.88%,<br>8/15/18 (b)                 | 370     | 369,075   |

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>              |              |            |
| Travelport LLC:   |              |            |
| 5.16%, 9/01/14 (f)  | USD 160      | \$ 148,400 |
| 9.88%, 9/01/14  | 210          | 214,725    |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(h) | 305          | 223        |
| Virgin River Casino Corp., 9.00%, 1/15/12 (a)(h)                  | 940          | 423,000    |
|   |              | 5,958,986  |

|  |           |           |
|--|-----------|-----------|
| <b>Household Durables 3.5%</b>                   |           |           |
| Beazer Homes USA, Inc.:                          |           |           |
| 6.88%, 7/15/15                                   | 185       | 160,025   |
| 8.13%, 6/15/16                                   | 315       | 275,625   |
| 12.00%, 10/15/17                                 | 1,345     | 1,514,806 |
| 9.13%, 6/15/18                                   | 1,770     | 1,566,450 |
| DFS Furniture Holdings Plc, 9.75%, 7/15/17 (b)   | GBP 208   | 299,061   |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | USD 1,725 | 1,673,250 |
| Ryland Group Inc., 6.63%, 5/01/20                | 675       | 632,812   |
| Standard Pacific Corp.:                          |           |           |
| 9.25%, 4/15/12                                   | 135       | 138,544   |
| 6.25%, 4/01/14                                   | 365       | 340,363   |
| 7.00%, 8/15/15                                   | 265       | 243,800   |
| 10.75%, 9/15/16                                  | 1,390     | 1,462,975 |
| 8.38%, 5/15/18                                   | 605       | 582,313   |
|  |           | 8,890,024 |

|  |       |           |
|--|-------|-----------|
| <b>Independent Power Producers &amp; Energy Traders 2.8%</b> |       |           |
| The AES Corp., 8.75%, 5/15/13 (b)                            | 450   | 457,313   |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (b)   | 1,260 | 1,323,000 |

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|   |       |           |
|---|-------|-----------|
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)               | 3,395 | 3,269,395 |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20 | 174   | 167,211   |
| NRG Energy, Inc.:   |       |           |
| 7.25%, 2/01/14  | 1,275 | 1,300,500 |
| 7.38%, 2/01/16  | 270   | 272,025   |
| 7.38%, 1/15/17  | 400   | 403,000   |

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7,192,444

**Industrial Conglomerates 2.5%**

|                      |       |           |
|----------------------|-------|-----------|
| Sequa Corp. (b):     |       |           |
| 11.75%, 12/01/15     | 2,340 | 2,410,200 |
| 13.50%, 12/01/15 (d) | 3,954 | 4,112,171 |

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6,522,371

**Insurance 0.9%**

|   |       |           |
|---|-------|-----------|
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 1,700 | 1,744,625 |
| USI Holdings Corp., 4.25%, 11/15/14 (b)(f)    | 680   | 576,300   |

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2,320,925

**Leisure Equipment & Products 0.4%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| Brunswick Corp., 11.25%, 11/01/16 (b) | 795 | 908,288 |
|---------------------------------------|-----|---------|

**Life Sciences Tools & Services 0.2%**

|                                   |     |         |
|-----------------------------------|-----|---------|
| Patheon, Inc., 8.63%, 4/15/17 (b) | 585 | 582,806 |
|-----------------------------------|-----|---------|

**Machinery 1.7%**

|  |       |           |
|--|-------|-----------|
| AGY Holding Corp., 11.00%, 11/15/14              | 980   | 833,000   |
| Accuride Corp., 7.50%, 2/26/20 (d)(e)            | 10    | 24,627    |
| Navistar International Corp.:                    |       |           |
| 3.00%, 10/15/14 (e)                              | 1,900 | 2,073,375 |
| 8.25%, 11/01/21                                  | 1,000 | 1,047,500 |
| Oshkosh Corp., 8.25%, 3/01/17                    | 140   | 147,350   |
| Titan International, Inc., 5.63%, 1/15/17 (b)(e) | 240   | 285,600   |

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4,411,452

**Marine 0.7%**

|   |       |           |
|---|-------|-----------|
| Horizon Lines, Inc., 4.25%, 8/15/12 (e) | 2,230 | 1,873,200 |
|---|-------|-----------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Corporate Bonds                                     |     | Par<br>(000) | Value        |
|---|-----|--------------|--------------|
| <b>Media 12.7%</b>                                  |     |              |              |
| Affinion Group, Inc.:                               |     |              |              |
| 10.13%, 10/15/13                                    | USD | 2,445        | \$ 2,506,125 |
| 10.13%, 10/15/13                                    |     | 765          | 782,212      |
| CCH II LLC, 13.50%, 11/30/16                        |     | 543          | 643,098      |
| CCO Holdings LLC (b):                               |     |              |              |
| 7.88%, 4/30/18                                      |     | 470          | 486,450      |
| 8.13%, 4/30/20                                      |     | 470          | 494,675      |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (b)(f)        |     | 160          | 3,200        |
| CSC Holdings, Inc., 8.50%, 4/15/14                  |     | 390          | 426,075      |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(d)   |     | 610          | 652,700      |
| Clear Channel Worldwide Holdings, Inc.:             |     |              |              |
| 9.25%, 12/15/17                                     |     | 835          | 866,312      |
| Series B, 9.25%, 12/15/17                           |     | 4,240        | 4,446,700    |
| Cox Enterprises, Inc.:                              |     |              |              |
| Loan Close 2, 4.00%, 8/15/18                        |     | 636          | 635,530      |
| Loan Close 3, 4.00%, 8/15/18                        |     | 735          | 735,000      |
| Shares Loan, 4.00%, 8/15/18                         |     | 749          | 749,372      |
| DISH DBS Corp., 7.00%, 10/01/13                     |     | 90           | 93,713       |
| Gray Television, Inc., 10.50%, 6/29/15              |     | 455          | 437,938      |
| Harland Clarke Holdings Corp.:                      |     |              |              |
| 6.00%, 5/15/15 (f)                                  |     | 350          | 294,000      |
| 9.50%, 5/15/15                                      |     | 420          | 400,050      |
| Intelsat Corp., 9.25%, 6/15/16                      |     | 2,120        | 2,247,200    |
| Interactive Data Corp., 10.25%, 8/01/18 (b)         |     | 1,030        | 1,068,625    |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(e)        |     | 470          | 575,750      |
| Liberty Media Corp., 3.13%, 3/30/23 (e)             |     | 1,113        | 1,210,387    |
| Lighthouse International Co. SA:                    |     |              |              |
| 8.00%, 4/30/14                                      | EUR | 546          | 408,232      |
| 8.00%, 4/30/14 (b)                                  |     | 67           | 50,094       |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b) | USD | 650          | 627,250      |
| McClatchy Co., 11.50%, 2/15/17 (b)                  |     | 1,395        | 1,440,337    |
| Nielsen Finance LLC:                                |     |              |              |
| 11.63%, 2/01/14                                     |     | 180          | 201,825      |
| 10.00%, 8/01/14                                     |     | 2,145        | 2,252,250    |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(e)(h)     |     | 850          | 807,410      |
| Rainbow National Services LLC (b):                  |     |              |              |
| 8.75%, 9/01/12                                      |     | 440          | 440,550      |
| 10.38%, 9/01/14                                     |     | 1,582        | 1,641,325    |
| Regal Entertainment Group, 9.13%, 8/15/18           |     | 335          | 343,375      |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b)         | EUR | 136          | 160,282      |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)          | USD | 1,330        | 1,270,150    |
| UPC Germany GmbH (b):                               |     |              |              |
| 8.13%, 12/01/17                                     |     | 755          | 775,762      |
| 8.13%, 12/01/17                                     | EUR | 441          | 570,035      |
| 9.63%, 12/01/19                                     |     | 570          | 756,644      |
| UPC Holding BV, 9.88%, 4/15/18 (b)                  | USD | 500          | 520,625      |
| Unitymedia GmbH, 9.63%, 12/01/19                    | EUR | 168          | 223,011      |

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|                                       |     |            |
|---------------------------------------|-----|------------|
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b) | 388 | 499,069    |
|                                       |     | 32,743,338 |

**Metals & Mining 4.0%**

|   |     |       |           |
|---|-----|-------|-----------|
| AK Steel Corp., 7.63%, 5/15/20              | USD | 20    | 20,150    |
| Aleris International, Inc. (a)(h):          |     |       |           |
| 9.00%, 12/15/14                             |     | 1,035 | 2,070     |
| 10.00%, 12/15/16                            |     | 800   | 304       |
| Drummond Co., Inc.:                         |     |       |           |
| 9.00%, 10/15/14 (b)                         |     | 875   | 915,469   |
| 7.38%, 2/15/16                              |     | 225   | 225,281   |
| FMG Finance Property Ltd. (b):              |     |       |           |
| 10.00%, 9/01/13                             |     | 535   | 589,169   |
| 10.63%, 9/01/16                             |     | 1,180 | 1,367,325 |
| Foundation PA Coal Co., 7.25%, 8/01/14      |     | 1,975 | 1,979,937 |
| GoldCorp, Inc., 2.00%, 8/01/14 (e)          |     | 665   | 808,806   |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b) |     | 605   | 533,913   |
| Murray Energy Corp., 10.25%, 10/15/15 (b)   |     | 520   | 531,700   |

| Corporate Bonds |  | Par<br>(000) | Value |
|-----------------|--|--------------|-------|
|-----------------|--|--------------|-------|

**Metals & Mining (concluded)**

|   |     |     |            |
|---|-----|-----|------------|
| New World Resources NV:                   |     |     |            |
| 7.38%, 5/15/15                            | EUR | 255 | \$ 316,686 |
| 7.88%, 5/01/18                            |     | 190 | 243,185    |
| 7.88%, 5/01/18 (b)                        |     | 210 | 268,784    |
| Novelis, Inc., 11.50%, 2/15/15            | USD | 430 | 473,000    |
| Ryerson, Inc.:                            |     |     |            |
| 7.84%, 11/01/14 (f)                       |     | 400 | 371,000    |
| 12.00%, 11/01/15                          |     | 265 | 272,619    |
| Steel Dynamics, Inc., 7.38%, 11/01/12     |     | 260 | 276,250    |
| United States Steel Corp., 7.38%, 4/01/20 |     | 520 | 526,500    |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b) |     | 640 | 672,000    |
|   |     |     | 10,394,148 |

**Multiline Retail 2.5%**

|                       |  |       |           |
|-----------------------|--|-------|-----------|
| Dollar General Corp.: |  |       |           |
| 10.63%, 7/15/15       |  | 1,393 | 1,528,817 |
| 11.88%, 7/15/17 (d)   |  | 4,351 | 5,003,650 |
|                       |  |       | 6,532,467 |

**Oil, Gas & Consumable Fuels 8.3%**

|   |  |       |           |
|---|--|-------|-----------|
| Arch Coal, Inc.:                              |  |       |           |
| 8.75%, 8/01/16                                |  | 55    | 59,538    |
| 7.25%, 10/01/20                               |  | 855   | 867,825   |
| Atlas Energy Operating Co. LLC:               |  |       |           |
| 12.13%, 8/01/17                               |  | 500   | 574,375   |
| 10.75%, 2/01/18                               |  | 260   | 286,650   |
| Berry Petroleum Co., 8.25%, 11/01/16          |  | 510   | 515,100   |
| Bill Barrett Corp., 9.88%, 7/15/16            |  | 45    | 48,825    |
| Chesapeake Energy Corp.:                      |  |       |           |
| 6.63%, 8/15/20                                |  | 2,360 | 2,368,850 |
| 2.25%, 12/15/38 (e)                           |  | 800   | 599,000   |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) |  | 295   | 303,113   |
| Connacher Oil and Gas Ltd. (b):               |  |       |           |
| 11.75%, 7/15/14                               |  | 175   | 189,875   |

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|   |       |            |
|---|-------|------------|
| 10.25%, 12/15/15                                  | 1,145 | 1,145,000  |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)           | 1,990 | 2,111,887  |
| Crosstex Energy LP, 8.88%, 2/15/18                | 405   | 418,163    |
| Denbury Resources, Inc., 8.25%, 2/15/20           | 737   | 786,747    |
| Linn Energy LLC, 8.63%, 4/15/20 (b)               | 1,100 | 1,160,500  |
| Massey Energy Co., 6.88%, 12/15/13                | 945   | 956,812    |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)      | 1,870 | 1,968,175  |
| OPTI Canada, Inc. (b):                            |       |            |
| 9.00%, 12/15/12                                   | 1,735 | 1,739,337  |
| 9.75%, 8/15/13                                    | 975   | 962,812    |
| Patriot Coal Corp., 8.25%, 4/30/18                | 420   | 416,850    |
| Peabody Energy Corp., 6.50%, 9/15/20              | 1,100 | 1,156,375  |
| Petrohawk Energy Corp.:                           |       |            |
| 10.50%, 8/01/14                                   | 555   | 620,213    |
| 7.88%, 6/01/15                                    | 460   | 477,250    |
| QEP Resources, Inc., 6.88%, 3/01/21               | 450   | 469,125    |
| Range Resources Corp., 8.00%, 5/15/19             | 400   | 428,000    |
| Teekay Corp., 8.50%, 1/15/20                      | 660   | 704,550    |
|   |       | 21,334,947 |
| <b>Paper &amp; Forest Products 2.9%</b>           |       |            |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(d) | 1,134 | 969,671    |
| Boise Paper Holdings LLC:                         |       |            |
| 9.00%, 11/01/17                                   | 330   | 347,325    |
| 8.00%, 4/01/20                                    | 165   | 167,888    |
| Clearwater Paper Corp., 10.63%, 6/15/16           | 390   | 438,750    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)           | 1,600 | 1,752,000  |
| Glatfelter, 7.13%, 5/01/16 (b)                    | 210   | 211,312    |
| NewPage Corp., 11.38%, 12/31/14                   | 3,150 | 2,559,375  |
| Verso Paper Holdings LLC, 11.50%, 7/01/14         | 840   | 886,200    |
|   |       | 7,332,521  |

See Notes to Financial Statements.



## Schedule of Investments (continued)

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

| Corporate Bonds  |     | Par<br>(000) | Value            |
|--|-----|--------------|------------------|
| <b>Pharmaceuticals 0.6%</b>                              |     |              |                  |
| Angiotech Pharmaceuticals, Inc., 4.29%,<br>12/01/13 (f)  | USD | 1,050        | \$ 847,875       |
| Elan Finance Plc, 8.88%, 12/01/13                        |     | 105          | 105,787          |
| Novasep Holding SAS, 9.63%, 12/15/16 (b)                 | EUR | 630          | 670,629          |
|  |     |              | <u>1,624,291</u> |
| <b>Real Estate Management &amp; Development 0.5%</b>     |     |              |                  |
| Forest City Enterprises, Inc., 7.63%, 6/01/15            | USD | 1,425        | 1,300,313        |
| <b>Road &amp; Rail 0.9%</b>                              |     |              |                  |
| Avis Budget Car Rental LLC, 9.63%, 3/15/18               |     | 510          | 532,950          |
| Hertz Holdings Netherlands BV, 8.50%, 7/31/15 (b)        | EUR | 710          | 935,738          |
| Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b)         | USD | 820          | 801,550          |
|  |     |              | <u>2,270,238</u> |
| <b>Semiconductors &amp; Semiconductor Equipment 0.2%</b> |     |              |                  |
| Advanced Micro Devices, Inc.:                            |     |              |                  |
| 6.00%, 5/01/15 (e)                                       |     | 138          | 135,068          |
| 7.75%, 8/01/20 (b)                                       |     | 285          | 282,150          |
|  |     |              | <u>417,218</u>   |
| <b>Software 0.0%</b>                                     |     |              |                  |
| BMS Holdings, Inc., 8.59%, 2/15/12 (b)(d)(f)             |     | 477          | 9,542            |
| <b>Specialty Retail 1.6%</b>                             |     |              |                  |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (e)(i)          |     | 1,055        | 803,119          |
| Hillman Group, Inc., 10.88%, 6/01/18 (b)                 |     | 530          | 557,825          |
| Ltd. Brands, Inc., 8.50%, 6/15/19                        |     | 785          | 887,050          |
| Sonic Automotive, Inc., 9.00%, 3/15/18                   |     | 370          | 376,475          |
| Toys R Us-Delaware, Inc., 7.38%, 9/01/16 (b)             |     | 420          | 424,200          |
| United Auto Group, Inc., 7.75%, 12/15/16                 |     | 1,025        | 978,875          |
|  |     |              | <u>4,027,544</u> |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>         |     |              |                  |
| Quiksilver, Inc., 6.88%, 4/15/15                         |     | 530          | 490,250          |
| <b>Tobacco 0.1%</b>                                      |     |              |                  |
| Vector Group Ltd., 11.00%, 8/15/15                       |     | 325          | 331,094          |
| <b>Wireless Telecommunication Services 4.9%</b>          |     |              |                  |

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|   |       |             |
|---|-------|-------------|
| <b>Cricket Communications, Inc.:</b>            |       |             |
| 10.00%, 7/15/15                                 | 1,890 | 1,979,775   |
| 7.75%, 5/15/16                                  | 220   | 227,150     |
| <b>Digicel Group Ltd. (b):</b>                  |       |             |
| 8.88%, 1/15/15                                  | 700   | 705,250     |
| 9.13%, 1/15/15 (d)                              | 1,783 | 1,791,915   |
| 8.25%, 9/01/17                                  | 870   | 903,712     |
| 10.50%, 4/15/18                                 | 500   | 536,250     |
| FiberTower Corp., 9.00%, 1/01/16 (d)            | 293   | 249,068     |
| iPCS, Inc., 2.59%, 5/01/13 (f)                  | 815   | 762,025     |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14        | 2,405 | 2,501,200   |
| <b>Nextel Communications, Inc.:</b>             |       |             |
| Series E, 6.88%, 10/31/13                       | 1,170 | 1,167,075   |
| Series F, 5.95%, 3/15/14                        | 110   | 106,288     |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b) | 275   | 261,250     |
| Sprint Capital Corp., 6.88%, 11/15/28           | 1,790 | 1,494,650   |
|   |       | 12,685,608  |
| <b>Total Corporate Bonds 98.4%</b>              |       | 253,780,887 |

**Floating Rate Loan Interests (f)**

**Auto Components 1.0%**

|   |       |           |
|---|-------|-----------|
| Affinion Group Holdings, Inc., Term Loan, 8.51%,<br>3/01/12 (d) | 455   | 436,988   |
| Allison Transmission, Inc., Term Loan,<br>3.04%, 8/07/14        | 2,213 | 2,039,026 |
|   |       | 2,476,014 |

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Automobiles 1.3%</b>   |              |              |
| Ford Motor Co., Tranche B-1 Term Loan,<br>3.03%, 12/15/13                                 | USD 3,592    | \$ 3,455,826 |
| <b>Building Products 1.3%</b>   |              |              |
| CPG International I, Inc., Term Loan, 5.54%, 2/28/11                                      | 3,234        | 3,233,668    |
| <b>Capital Markets 0.1%</b>   |              |              |
| Marsico Parent Co., LLC, Term Loan,<br>5.31% 5.56%, 12/15/14                              | 377          | 261,514      |
| <b>Chemicals 0.1%</b>   |              |              |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan<br>(First Lien), 3.52% 3.73%, 7/30/14 | 376          | 343,728      |
| <b>Commercial Services &amp; Supplies 0.9%</b>  |              |              |
| AWAS Finance Luxembourg Sarl, Term Loan,<br>7.75%, 6/10/16                                | 1,000        | 1,005,833    |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16   | 550          | 552,979      |
| International Lease Finance Corp., Term Loan 1,<br>6.75%, 3/17/15                         | 750          | 755,938      |

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|  |     |       |           |
|--|-----|-------|-----------|
|  |     |       | 2,314,750 |
| <b>Construction &amp; Engineering 0.8%</b>   |     |       |           |
| Safeway Services, LLC, Last Out Tranche Loan,<br>15.63%, 12/14/17  |     | 2,000 | 2,000,000 |
| <b>Consumer Finance 1.7%</b>   |     |       |           |
| American General Finance Corp., Term Loan,<br>7.25%, 4/21/15   |     | 4,250 | 4,199,531 |
| DaimlerChrysler Financial Services Americas LLC,<br>Term Loan (Second Lien), 6.78%, 8/05/13                |     | 250   | 249,113   |
|  |     |       | 4,448,644 |
| <b>Diversified Telecommunication Services 1.7%</b>   |     |       |           |
| Wind Finance SL SA, Euro Facility (Second Lien),<br>7.89%, 12/17/14  | EUR | 3,460 | 4,375,781 |
| <b>Electric Utilities 0.5%</b>   |     |       |           |
| New Development Holdings, LLC, Term Loan, 7.00%,<br>7/03/17  | USD | 1,350 | 1,363,500 |
| <b>Health Care Providers &amp; Services 0.7%</b>   |     |       |           |
| Harden Healthcare LLC:   |     |       |           |
| Add-on Term Loan, 7.75%, 3/02/15   |     | 525   | 514,500   |
| Tranche A Term Loan, 8.50%, 2/22/15  |     | 495   | 485,545   |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term<br>Loan B, 6.50%, 7/31/16                           |     | 900   | 898,313   |
|  |     |       | 1,898,358 |
| <b>Hotels, Restaurants &amp; Leisure 1.2%</b>  |     |       |           |
| Travelpport LLC (FKA Travelpport, Inc.), Loan, 8.37%,<br>3/27/12 (d)                                       |     | 3,334 | 3,100,402 |
| <b>IT Services 0.4%</b>  |     |       |           |
| First Data Corp.:  |     |       |           |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14  |     | 284   | 242,384   |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14  |     | 408   | 348,130   |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14  |     | 595   | 507,148   |
|  |     |       | 1,097,662 |
| <b>Independent Power Producers &amp; Energy Traders 1.0%</b>   |     |       |           |
| Texas Competitive Electric Holdings Co., LLC (TXU):  |     |       |           |
| Initial Tranche B-1 Term Loan,<br>3.79% 4.03%, 10/10/14  |     | 215   | 162,909   |
| Initial Tranche B-2 Term Loan,<br>3.79% 4.07%, 10/10/14  |     | 255   | 193,115   |
| Initial Tranche B-3 Term Loan,<br>3.79% 4.03%, 10/10/14  |     | 2,807 | 2,115,640 |
|  |     |       | 2,471,664 |
| <b>Media 1.6%</b>  |     |       |           |
| Cengage Learning Acquisitions, Inc. (Thomson Learning),<br>Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 |     | 1,715 | 1,709,284 |

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HMH Publishing Co., Ltd., Tranche A Term Loan,  
5.79%, 6/12/14 (d)

958

872,304

See Notes to Financial Statements.

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SEMI-ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments (continued)

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

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Media (concluded)</b>  |              |              |
| Newsday, LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13                  | USD 1,325    | \$ 1,406,156 |
| Protostar Ltd., Debtor in Possession Term Loan,<br>18.00%, 10/26/10 (d) | 159          | 158,820      |
|   |              | 4,146,564    |
| <b>Multiline Retail 0.1%</b>  |              |              |
| The Neiman Marcus Group, Inc., Term Loan,<br>2.30%, 4/06/13             | 244          | 231,433      |
| <b>Oil, Gas &amp; Consumable Fuels 1.3%</b>                             |              |              |
| Tronox Worldwide LLC:   |              |              |
| Tranche B-1 Term Loan, 11.25%, 9/20/10                                  | 1,261        | 1,271,424    |
| Tranche B-2 Term Loan, 11.25%, 9/20/10                                  | 339          | 341,576      |
| Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18 (d)                   | 2,322        | 1,839,899    |
|   |              | 3,452,899    |
| <b>Paper &amp; Forest Products 0.3%</b>                                 |              |              |
| Verso Paper Finance Holdings LLC, PIK Loan,<br>6.69% 7.44%, 2/01/13 (d) | 1,340        | 804,059      |
| <b>Real Estate Management &amp; Development 0.6%</b>                    |              |              |
| Realogy Corp.:  |              |              |
| Initial Term Loan B, 3.30% 3.53%, 10/10/13                              | 398          | 343,264      |
| Synthetic Letter of Credit, 0.11%, 10/10/13                             | 81           | 70,156       |
| Second Lien Term Facility, 13.50%, 10/15/17                             | 1,000        | 1,055,000    |
|   |              | 1,468,420    |
| <b>Specialty Retail 0.2%</b>  |              |              |
| Claire's Stores, Inc., Term Loan B,<br>3.01% 3.23%, 5/29/14             | 137          | 117,564      |
| Michaels Stores, Inc., Term Loan B-1,<br>2.63% 2.81%, 10/31/13          | 355          | 334,433      |
|   |              | 451,997      |
| <b>Wireless Telecommunication Services 0.7%</b>                         |              |              |
| Vodafone Americas Finance 2 Inc., Initial Loan,<br>6.88%, 7/30/15       | 1,750        | 1,750,000    |
| <b>Total Floating Rate Loan Interests 17.5%</b>                         |              | 45,146,883   |

| Other Interests (j)                           | Beneficial Interest (000) |           |
|---|---------------------------|-----------|
| <b>Auto Components 2.0%</b>                   |                           |           |
| Delphi Debtor-in-Possession Holding Co. LLP   |                           |           |
| Class B Membership Interests                  | (k)                       | 5,037,660 |
| Lear Corp. Escrow                             | 460                       | 5,750     |
|   |                           | 5,043,410 |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b> |                           |           |
| Buffets, Inc.                                 | 575                       | 58        |
| <b>Media 0.0%</b>                             |                           |           |
| Adelphia Escrow                               | 750                       | 75        |
| Adelphia Recovery Trust                       | 941                       | 3,762     |
|   |                           | 3,837     |
| <b>Total Other Interests 2.0%</b>             |                           | 5,047,305 |

| Preferred Stocks                           | Shares |           |
|--|--------|-----------|
| <b>Auto Components 0.1%</b>                |        |           |
| Dana Holding Corp., 4.00% (b)(e)           | 2,200  | 210,100   |
| <b>Diversified Financial Services 1.5%</b> |        |           |
| Ally Financial Inc., 7.00% (b)             | 3,245  | 2,680,472 |
| Citigroup, Inc., 7.50% (e)                 | 11,000 | 1,258,950 |
|  |        | 3,939,422 |

| Preferred Stocks                                  | Shares  | Value      |
|---|---------|------------|
| <b>Household Durables 0.1%</b>                    |         |            |
| Beazer Homes USA, Inc., 7.50% (e)                 | 10,132  | \$ 200,715 |
| <b>Media 0.2%</b>                                 |         |            |
| CMP Susquehanna Radio Holdings Corp. (a)(b)(f)    | 37,314  |            |
| TRA Global, Inc. (a)                              | 286,652 | 463,144    |
|   |         | 463,144    |
| <b>Real Estate Investment Trusts (REITs) 0.0%</b> |         |            |
| MPG Office Trust, Inc., Series A, 7.63% (a)       | 8,994   | 97,045     |
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>        |         |            |
| Fannie Mae, Series O (a)                          | 30,000  | 12,300     |

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|                           |        |        |
|---------------------------|--------|--------|
| Freddie Mac, Series Z (a) | 75,961 | 25,067 |
|                           |        | 37,367 |

|                                    |  |           |
|------------------------------------|--|-----------|
| <b>Total Preferred Stocks</b> 1.9% |  | 4,947,793 |
|------------------------------------|--|-----------|

**Warrants (l)**

|   |     |        |
|---|-----|--------|
| <b>Containers &amp; Packaging</b> 0.0%  |     |        |
| MDP Acquisitions Plc (Expires 10/01/13) | 700 | 31,460 |

|  |        |  |
|--|--------|--|
| <b>Health Care Providers &amp; Services</b> 0.0% |        |  |
| HealthSouth Corp. (Expires 1/16/14)              | 32,042 |  |

|  |     |   |
|--|-----|---|
| <b>Hotels, Restaurants &amp; Leisure</b> 0.0%        |     |   |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14) | 485 | 5 |

|   |        |     |
|---|--------|-----|
| <b>Media</b> 0.0%   |        |     |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (b) | 42,640 | 1   |
| New Vision Holdings LLC (Expires 9/30/14)                     | 22,447 | 224 |
|   |        | 225 |

|   |   |  |
|---|---|--|
| <b>Oil, Gas &amp; Consumable Fuels</b> 0.0% |   |  |
| Turbo Cayman Ltd. (No Expiration)           | 1 |  |

|   |        |  |
|---|--------|--|
| <b>Software</b> 0.0%                    |        |  |
| HMH Holdings/EduMedia (Expires 3/09/17) | 11,225 |  |

|                            |  |        |
|----------------------------|--|--------|
| <b>Total Warrants</b> 0.0% |  | 31,690 |
|----------------------------|--|--------|

|   |  |             |
|---|--|-------------|
| <b>Total Long-Term Investments</b><br>(Cost \$321,408,636) 122.6% |  | 316,071,672 |
|---|--|-------------|

**Short-Term Securities**

|   |           |           |
|---|-----------|-----------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.24% (m)(n) | 2,569,493 | 2,569,493 |
|---|-----------|-----------|

|   |  |           |
|---|--|-----------|
| <b>Total Short-Term Securities</b><br>(Cost \$2,569,493) 1.0% |  | 2,569,493 |
|---|--|-----------|

**Options Purchased**

**Contracts**

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**Over-the-Counter Call Options 0.0%**

Marsico Parent Superholdco LLC, Strike Price

USD 942.86, expires 12/21/19, Broker

Goldman Sachs Bank USA

19

**Total Options Purchased**

(Cost \$18,578) 0.0%

**Total Investments (Cost \$323,996,707\*) 123.6%**

318,641,165

**Liabilities in Excess of Other Assets (23.6)%**

(60,886,126)

**Net Assets 100.0%**

\$ 257,755,039

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 325,170,052 |
| Gross unrealized appreciation | \$ 15,013,408  |
| Gross unrealized depreciation | (21,542,295)   |
| Net unrealized depreciation   | \$ (6,528,887) |

- (a) Non-income producing security.
- (b) 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.
- (c) All or a portion of security has been pledged as collateral in connection with swaps.
- (d) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (e) Convertible security.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Amount is less than \$1,000.
- (l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (m) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at<br>February 28,<br>2010 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income   |
|--|--|-----------------|--------------------------------------|----------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 3,276,755                              | (707,262)       | 2,569,493                            | \$ 1,690 |

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

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased |            | Currency Sold |            | Counterparty           | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|------------|---------------|------------|------------------------|-----------------|--|
| EUR                | 784,300    | USD           | 1,007,943  | Citibank NA            | 9/15/10         | \$ (14,059)                            |
| USD                | 16,913,617 | EUR           | 13,357,500 | Citibank NA            | 9/15/10         | (13,317)                               |
| USD                | 315,687    | EUR           | 245,000    | Deutsche Bank AG       | 9/15/10         | 5,218                                  |
| GBP                | 238,000    | USD           | 371,268    | UBS AG                 | 10/20/10        | (6,387)                                |
| USD                | 2,211,164  | GBP           | 1,448,500  | Citibank NA            | 10/20/10        | (9,553)                                |
| USD                | 425,230    | CAD           | 449,000    | Deutsche Bank AG       | 10/20/10        | 4,505                                  |
| USD                | 316,702    | GBP           | 207,500    | Deutsche Bank AG       | 10/20/10        | (1,420)                                |
| USD                | 342,197    | GBP           | 222,000    | Royal Bank of Scotland | 10/20/10        | 1,845                                  |
| <b>Total</b>       |            |               |            |                        |                 | <b>\$ (33,168)</b>                     |

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts | Issue         | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation |
|-----------|---------------|--------------------|-----------------|----------------|-------------------------|
| 27        | S&P 500 Index | Chicago Mercantile | September 2010  | \$ 7,189,857   | \$ 113,832              |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                         | Pay Fixed Rate | Counterparty                | Expiration     | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------------------|----------------|-----------------------------|----------------|-----------------------|--|
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs International | December 2011  | \$ 510                | \$ 30,327                              |
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs Bank USA      | December 2013  | \$ 1,000              | 168,495                                |
| Louisiana-Pacific Corp.        | 5.00%          | JPMorgan Chase Bank NA      | March 2014     | \$ 500                | (106,314)                              |
| Brunswick Corp.                | 5.00%          | Goldman Sachs Bank USA      | September 2014 | \$ 200                | (10,541)                               |
| <b>Total</b>                   |                |                             |                |                       | <b>\$ 81,967</b>                       |

Credit default swaps on single-name issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer                                       | Receive Fixed Rate | Counterparty                | Expiration     | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|--|--------------------|-----------------------------|----------------|----------------------------|------------------------------------|--|
| Texas Competitive Electric Holdings Co., LLC | 5.00%              | Goldman Sachs International | September 2012 | CCC                        | \$ 500                             | \$ (45,006)                            |
| Realogy Corp.                                | 5.00%              | Credit Suisse International | March 2015     | C                          | \$ 100                             | 699                                    |
| Advanced Micro Devices, Inc.                 | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | B+                         | \$ 600                             | (6,721)                                |
| Realogy Corp.                                | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 475                             | (16,004)                               |
| Levi Strauss & Co.                           | 5.00%              | Goldman Sachs International | June 2015      | B+                         | \$ 235                             | 1,254                                  |
| NOVA Chemicals Corp.                         | 5.00%              | Goldman Sachs International | June 2015      | B+                         | \$ 375                             | (6,874)                                |
| Levi Strauss & Co.                           | 5.00%              | Goldman Sachs International | September 2015 | B+                         | \$ 560                             |  |
| Realogy Corp.                                | 5.00%              | JPMorgan Chase Bank NA      | September 2015 | C                          | \$ 125                             | (450)                                  |
| <b>Total</b>                                 |                    |                             |                |                            |                                    | <b>\$ (73,102)</b>                     |

<sup>1</sup> Using S&P's rating of the issuer.

<sup>2</sup> The maximum potential amount the Fund may pay should a negative event take place as defined under the terms of agreement.

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

See Notes to Financial Statements.

## Schedule of Investments (concluded)

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

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 or liabilities 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs             | Level 1              | Level 2               | Level 3              | Total                 |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                      |                       |                      |                       |
| Investments in Securities:   |                      |                       |                      |                       |
| Long-Term Investments:       |                      |                       |                      |                       |
| Common Stocks                | \$ 5,977,192         | \$ 687,276            | \$ 452,646           | \$ 7,117,114          |
| Corporate Bonds              |                      | 248,391,323           | 5,389,564            | 253,780,887           |
| Floating Rate Loan Interests |                      | 31,243,970            | 13,902,913           | 45,146,883            |
| Other Interests              |                      | 5,037,660             | 9,645                | 5,047,305             |
| Preferred Stocks             | 4,274,549            | 210,100               | 463,144              | 4,947,793             |
| Warrants                     |                      |                       | 31,690               | 31,690                |
| Short-Term Securities        | 2,569,493            |                       |                      | 2,569,493             |
| <b>Liabilities:</b>          |                      |                       |                      |                       |
| Unfunded loan commitments    |                      |                       | (47,602)             | (47,602)              |
| <b>Total</b>                 | <b>\$ 12,821,234</b> | <b>\$ 285,570,329</b> | <b>\$ 20,202,000</b> | <b>\$ 318,593,563</b> |

| Derivative Financial Instruments <sup>1</sup> |                   |                    |         |                  |
|---|-------------------|--------------------|---------|------------------|
| Valuation Inputs                              | Level 1           | Level 2            | Level 3 | Total            |
| <b>Assets:</b>                                |                   |                    |         |                  |
| Credit contracts                              |                   | \$ 200,775         |         | \$ 200,775       |
| Equity contracts                              | \$ 113,832        |                    |         | 113,832          |
| Foreign currency exchange contracts           |                   | 11,568             |         | 11,568           |
| <b>Liabilities:</b>                           |                   |                    |         |                  |
| Credit contracts                              |                   | (191,910)          |         | (191,910)        |
| Foreign currency exchange contracts           |                   | (44,736)           |         | (44,736)         |
| <b>Total</b>                                  | <b>\$ 113,832</b> | <b>\$ (24,303)</b> |         | <b>\$ 89,529</b> |

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<sup>1</sup> Derivative financial instruments are financial futures contracts, swaps and foreign currency exchange contracts. Financial futures contracts, swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|  | Common<br>Stocks  | Corporate<br>Bonds  | Floating Rate<br>Loan<br>Interests | Other<br>Interests | Preferred<br>Stocks | Warrants         | Unfunded<br>Loan<br>Commitments | Total                |
|--|-------------------|---------------------|------------------------------------|--------------------|---------------------|------------------|---------------------------------|----------------------|
| <b>Assets/Liabilities:</b>   |                   |                     |                                    |                    |                     |                  |                                 |                      |
| Balance, as of February 28, 2010                                   | \$ 79,746         | \$ 4,246,019        | \$ 21,135,986                      | \$ 4,699,133       | \$ 1                | \$ 230           | \$ (115,579)                    | \$ 30,045,536        |
| Accrued discounts/premiums   |                   | 13,176              | 122,051                            |                    |                     |                  |                                 | 135,227              |
| Net realized gain (loss)   |                   | 9,735               | 272,814                            | 349,894            |                     | 25,669           |                                 | 658,112              |
| Net change in unrealized<br>appreciation/depreciation <sup>2</sup> | 9,348             | (153,725)           | 313,212                            | 358,728            |                     |                  | 67,977                          | 595,540              |
| Purchases  |                   | 35,613              | 741,716                            | 319,000            |                     |                  |                                 | 1,096,329            |
| Sales  |                   |                     | (6,741,723)                        | (685,200)          |                     | (25,669)         |                                 | (7,452,592)          |
| Transfers in <sup>3</sup>  | 452,570           | 1,510,000           | 2,999,158                          | 5,750              | 463,143             | 31,460           |                                 | 5,462,081            |
| Transfers out <sup>3</sup>   | (89,018)          | (271,254)           | (4,940,301)                        | (5,037,660)        |                     |                  |                                 | (10,338,233)         |
| <b>Balance, as of August 31, 2010</b>                              | <b>\$ 452,646</b> | <b>\$ 5,389,564</b> | <b>\$ 13,902,913</b>               | <b>\$ 9,645</b>    | <b>\$ 463,144</b>   | <b>\$ 31,690</b> | <b>\$ (47,602)</b>              | <b>\$ 20,202,000</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$110,767.

<sup>3</sup> The Fund's policy is to recognize transfers in and out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

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Schedule of Investments August 31, 2010 (Unaudited)

**BlackRock Debt Strategies Fund, Inc. (DSU)**  
 (Percentages shown are based on Net Assets)

| Common Stocks (a)  | Shares    | Value        |
|--|-----------|--------------|
| <b>Building Products 0.3%</b>                            |           |              |
| Masonite Worldwide Holdings                              | 32,730    | \$ 1,243,740 |
| <b>Chemicals 0.2%</b>                                    |           |              |
| GEO Specialty Chemicals, Inc.                            | 339,340   | 130,273      |
| LyondellBasell Industries NV, Class A                    | 9,898     | 202,909      |
| LyondellBasell Industries NV, Class B                    | 31,315    | 641,644      |
| Wellman Holdings, Inc.                                   | 5,373     | 269          |
|  |           | 975,095      |
| <b>Construction Materials 0.0%</b>                       |           |              |
| Nortek, Inc.   | 2,970     | 123,255      |
| <b>Containers &amp; Packaging 1.7%</b>                   |           |              |
| Smurfit Kappa Plc  | 36,342    | 317,776      |
| Viskase Cos., Inc.                                       | 1,428,423 | 6,770,725    |
|  |           | 7,088,501    |
| <b>Electrical Equipment 0.0%</b>                         |           |              |
| Medis Technologies Ltd.                                  | 286,757   | 8,889        |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>            |           |              |
| Buffets Restaurants Holdings, Inc.                       | 2,753     | 11,563       |
| HRP Corp., Class B (b)(c)                                | 5,000     | 50           |
|  |           | 11,613       |
| <b>Metals &amp; Mining 0.2%</b>                          |           |              |
| Euramax International                                    | 2,337     | 771,309      |
| <b>Paper &amp; Forest Products 1.3%</b>                  |           |              |
| Ainsworth Lumber Co. Ltd.                                | 1,095,719 | 2,568,854    |
| Ainsworth Lumber Co. Ltd. (b)                            | 1,335,501 | 3,131,010    |
| Western Forest Products, Inc. (b)                        | 211,149   | 58,413       |
|  |           | 5,758,277    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b> |           |              |
| SunPower Corp., Class B                                  | 4,892     | 50,583       |
| <b>Software 0.2%</b>                                     |           |              |
| HMH Holdings/EduMedia                                    | 161,041   | 805,207      |

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|                            |             |         |            |
|----------------------------|-------------|---------|------------|
| <b>Specialty Retail</b>    | <b>0.0%</b> |         |            |
| Movie Gallery, Inc.        |             | 503,737 | 604        |
| <b>Total Common Stocks</b> | <b>3.9%</b> |         | 16,837,073 |

| Corporate Bonds   |             | Par<br>(000) |                  |
|---|-------------|--------------|------------------|
| <b>Aerospace &amp; Defense</b>                                | <b>1.2%</b> |              |                  |
| Bombardier, Inc., 7.75%, 3/15/20 (b)                          |             | USD 1,750    | 1,881,250        |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17 |             | 1,160        | 1,197,700        |
| TransDigm, Inc., 7.75%, 7/15/14                               |             | 2,000        | 2,060,000        |
|   |             |              | <u>5,138,950</u> |

|  |             |       |                  |
|--|-------------|-------|------------------|
| <b>Airlines</b>                                  | <b>0.7%</b> |       |                  |
| Air Canada, 9.25%, 8/01/15 (b)                   |             | 1,250 | 1,225,000        |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 |             | 950   | 997,751          |
| United Air Lines, Inc., 12.75%, 7/15/12          |             | 793   | 884,150          |
|  |             |       | <u>3,106,901</u> |

|  |             |       |                  |
|--|-------------|-------|------------------|
| <b>Auto Components</b>                                 | <b>1.3%</b> |       |                  |
| The Goodyear Tire & Rubber Co., 8.75%, 8/15/20         |             | 130   | 137,475          |
| Icahn Enterprises LP:<br>7.75%, 1/15/16                |             | 320   | 317,600          |
| 8.00%, 1/15/18   |             | 5,260 | 5,233,700        |
| Venture Holdings Co. LLC (a)(d)(e):<br>12.00%, 6/01/09 |             | 4,450 |                  |
| Series B, 9.50%, 7/01/05                               |             | 1,800 | 180              |
|  |             |       | <u>5,688,955</u> |

| Corporate Bonds  |             | Par<br>(000) |    | Value     |
|--|-------------|--------------|----|-----------|
| <b>Beverages</b>   | <b>0.1%</b> |              |    |           |
| Crown European Holdings SA, 7.13%, 8/15/18 (b)             |             | EUR 410      | \$ | 532,562   |
| <b>Biotechnology</b>                                       | <b>0.1%</b> |              |    |           |
| QHP Pharma, 10.25%, 3/15/15 (b)                            |             | USD 491      |    | 500,586   |
| <b>Building Products</b>                                   | <b>2.5%</b> |              |    |           |
| Building Materials Corp. of America, 7.00%,<br>2/15/20 (b) |             | 1,300        |    | 1,293,500 |
| CPG International I, Inc.:<br>7.50%, 7/01/12 (f)           |             | 7,500        |    | 7,246,875 |
| 10.50%, 7/01/13  |             | 1,300        |    | 1,298,375 |
|  |             | 105          |    | 102,506   |

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Momentive Performance Materials, Inc., Series WI,

9.75%, 12/01/14

|   |       |                   |
|---|-------|-------------------|
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 1,050 | 1,081,500         |
|   |       | <u>11,022,756</u> |

**Capital Markets 0.4%**

|   |         |                  |
|---|---------|------------------|
| E*Trade Financial Corp., 4.01%, 8/31/19 (b)(g)(h) | 593     | 711,600          |
| MU Finance Plc, 8.75%, 2/01/17 (b)                | GBP 698 | 1,027,667        |
|   |         | <u>1,739,267</u> |

**Chemicals 3.0%**

|   |           |                   |
|---|-----------|-------------------|
| American Pacific Corp., 9.00%, 2/01/15        | USD 1,490 | 1,473,237         |
| CF Industries, Inc., 6.88%, 5/01/18           | 1,475     | 1,552,437         |
| GEO Specialty Chemicals, Inc. (b):            |           |                   |
| 7.50%, 3/31/15 (c)(g)                         | 4,171     | 2,711,012         |
| 10.00%, 3/31/15                               | 4,106     | 2,668,640         |
| Hexion U.S. Finance Corp.:                    |           |                   |
| 9.75%, 11/15/14                               | 585       | 574,763           |
| 8.88%, 2/01/18                                | 455       | 420,875           |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b)       | 465       | 490,575           |
| Wellman Holdings, Inc., Subordinate Note (g): |           |                   |
| (Second Lien), 10.00%, 1/29/19 (b)            | 2,978     | 2,590,860         |
| (Third Lien), 5.00%, 1/29/19 (c)              | 978       | 381,332           |
|   |           | <u>12,863,731</u> |

**Commercial Banks 2.2%**

|                             |        |                  |
|-----------------------------|--------|------------------|
| CIT Group, Inc.:            |        |                  |
| 7.00%, 5/01/16              | 1,615  | 1,534,250        |
| 7.00%, 5/01/17              | 7,820  | 7,353,240        |
| Glitnir Banki HF (a)(d):    |        |                  |
| 4.15%, 4/20/10 (b)          | 184    | 52,440           |
| 6.38%, 9/25/12 (b)          | 1,115  | 317,775          |
| Series EMTN, 5.07%, 1/27/10 | EUR 50 | 17,741           |
| Series EMTN, 3.00%, 6/30/10 | 75     | 26,612           |
| Series GMTN, 4.38%, 2/05/10 | 85     | 30,161           |
|                             |        | <u>9,332,219</u> |

**Commercial Services & Supplies 1.0%**

|   |         |                  |
|---|---------|------------------|
| ACCO Brands Corp., 10.63%, 3/15/15              | USD 660 | 726,000          |
| Clean Harbors, Inc., 7.63%, 8/15/16             | 1,200   | 1,230,000        |
| The Geo Group, Inc., 7.75%, 10/15/17 (b)        | 850     | 875,500          |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b) | 970     | 1,057,300        |
| West Corp., 9.50%, 10/15/14                     | 340     | 346,800          |
|   |         | <u>4,235,600</u> |

**Construction Materials 0.7%**

|                                |       |           |
|--------------------------------|-------|-----------|
| Nortek, Inc., 11.00%, 12/01/13 | 2,983 | 3,143,546 |
|--------------------------------|-------|-----------|

**Consumer Finance 1.1%**

|   |       |           |
|---|-------|-----------|
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | 570   | 590,662   |
| Ford Motor Credit Co. LLC:                  |       |           |
| 3.28%, 1/13/12 (f)                          | 2,680 | 2,626,400 |
| 6.63%, 8/15/17                              | 900   | 914,735   |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b)   | 725   | 743,125   |



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4,874,922

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See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Debt Strategies Fund, Inc. (DSU)**  
 (Percentages shown are based on Net Assets)

| Corporate Bonds  |     | Par<br>(000) |    | Value      |
|--|-----|--------------|----|------------|
| <b>Containers &amp; Packaging 2.7%</b>                           |     |              |    |            |
| Ball Corp., 6.75%, 9/15/20                                       | USD | 625          | \$ | 657,813    |
| Berry Plastics Corp.:  |     |              |    |            |
| 8.25%, 11/15/15  |     | 2,100        |    | 2,105,250  |
| 9.50%, 5/15/18 (b)   |     | 895          |    | 823,400    |
| Berry Plastics Holding Corp., 8.88%, 9/15/14                     |     | 470          |    | 447,675    |
| Beverage Packaging Holdings Luxembourg II SA,<br>8.00%, 12/15/16 | EUR | 260          |    | 312,187    |
| Crown Americas LLC, 7.63%, 5/15/17 (b)                           | USD | 710          |    | 757,925    |
| Graphic Packaging International, Inc., 9.50%,<br>6/15/17         |     | 975          |    | 1,038,375  |
| Smurfit Kappa Acquisitions (b):                                  |     |              |    |            |
| 7.25%, 11/15/17  | EUR | 830          |    | 1,072,854  |
| 7.75%, 11/15/19  |     | 785          |    | 1,019,661  |
| Smurfit Kappa Funding Plc, 7.75%, 4/01/15                        | USD | 3,325        |    | 3,325,000  |
|  |     |              |    | 11,560,140 |
| <b>Diversified Financial Services 4.4%</b>                       |     |              |    |            |
| Ally Financial, Inc.:  |     |              |    |            |
| 8.30%, 2/12/15 (b)   |     | 1,700        |    | 1,768,000  |
| 7.50%, 9/15/20 (b)   |     | 5,450        |    | 5,395,500  |
| 8.00%, 11/01/31  |     | 1,350        |    | 1,329,750  |
| Archimedes Funding III Ltd., 5.50%, 11/29/11 (b)                 |     | 3,734        |    | 2,240,208  |
| Axcan Intermediate Holdings, Inc., 12.75%,<br>3/01/16            |     | 705          |    | 705,881    |
| FCE Bank Plc, 7.13%, 1/16/12                                     | EUR | 3,250        |    | 4,262,714  |
| GMAC, Inc.:  |     |              |    |            |
| 5.38%, 6/06/11   |     | 436          |    | 551,140    |
| 7.50%, 12/31/13  | USD | 90           |    | 91,913     |
| 8.00%, 3/15/20 (b)   |     | 200          |    | 205,000    |
| Preferred Term Securities VI, Ltd. (a)(b)(g)                     |     | 35           |    | 1,750      |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (b)           |     | 1,625        |    | 1,637,187  |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (b)                 | EUR | 650          |    | 836,060    |
|  |     |              |    | 19,025,103 |
| <b>Diversified Telecommunication Services 2.5%</b>               |     |              |    |            |
| Frontier Communications Corp., 8.25%, 4/15/17                    | USD | 2,915        |    | 3,082,613  |
| ITC Deltacom, Inc., 10.50%, 4/01/16                              |     | 1,750        |    | 1,723,750  |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (b)         |     | 390          |    | 409,500    |
| Qwest Corp., 8.38%, 5/01/16                                      |     | 4,000        |    | 4,660,000  |
| tw telecom holdings, Inc., 8.00%, 3/01/18                        |     | 920          |    | 956,800    |
|  |     |              |    | 10,832,663 |

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**Electronic Equipment, Instruments & Components 0.0%**

|   |       |     |
|---|-------|-----|
| Muzak Holdings, LLC, 13.00%, 3/15/10 (a)(d) | 2,675 | 268 |
|---|-------|-----|

**Energy Equipment & Services 0.9%**

|   |       |                  |
|---|-------|------------------|
| Compagnie Générale de Géophysique-Veritas, 7.50%, 5/15/15 | 1,845 | 1,826,550        |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b)         | 2,000 | 1,870,000        |
|   |       | <u>3,696,550</u> |

**Food & Staples Retailing 0.4%**

|                                |       |           |
|--------------------------------|-------|-----------|
| Rite Aid Corp., 9.75%, 6/12/16 | 1,590 | 1,689,375 |
|--------------------------------|-------|-----------|

**Food Products 0.6%**

|   |     |                  |
|---|-----|------------------|
| B&G Foods, Inc., 7.63%, 1/15/18             | 900 | 925,875          |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (b)   | 730 | 771,975          |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | 940 | 1,049,275        |
|   |     | <u>2,747,125</u> |

**Health Care Equipment & Supplies 0.3%**

|                                   |       |           |
|-----------------------------------|-------|-----------|
| DJO Finance LLC, 10.88%, 11/15/14 | 1,345 | 1,440,831 |
|-----------------------------------|-------|-----------|

| Corporate Bonds                                  | Par (000) | Value            |
|--|-----------|------------------|
| <b>Health Care Providers &amp; Services 1.2%</b> |           |                  |
| American Renal Holdings, 8.38%, 5/15/18 (b)      | USD 470   | \$ 470,000       |
| inVentiv Health, Inc., 10.00%, 8/15/18 (b)       | 405       | 395,888          |
| Tenet Healthcare Corp.:                          |           |                  |
| 9.00%, 5/01/15                                   | 680       | 724,200          |
| 8.88%, 7/01/19                                   | 3,280     | 3,546,500        |
|  |           | <u>5,136,588</u> |

**Health Care Technology 0.8%**

|                                       |       |           |
|---------------------------------------|-------|-----------|
| IMS Health, Inc., 12.50%, 3/01/18 (b) | 2,980 | 3,453,075 |
|---------------------------------------|-------|-----------|

**Hotels, Restaurants & Leisure 1.4%**

|   |       |           |
|---|-------|-----------|
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                            | 1,040 | 982,800   |
| HRP Myrtle Beach Holdings LLC, 14.69%, 4/01/14 (a)(b)(d)(h)           | 6,891 | 689       |
| HRP Myrtle Beach Operations LLC (a)(b)(d)(h):                         |       |           |
| 0.00%, 4/01/12  | 5,000 | 500       |
| 12.04%, 4/01/13   | 5,000 | 500       |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(d) | 2,560 | 864,000   |
| MGM Mirage, 13.00%, 11/15/13  | 345   | 398,475   |
| MGM Resorts International, 11.13%, 11/15/17                           | 1,340 | 1,497,450 |
| Marina District Finance Co., Inc., 9.88%, 8/15/18 (b)                 | 310   | 309,225   |
| Travelport LLC, 5.16%, 9/01/14 (f)                                    | 2,160 | 2,003,400 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(d)        | 530   | 387       |

6,057,426

|  |       |           |
|--|-------|-----------|
| <b>Household Durables 1.0%</b>                   |       |           |
| Beazer Homes USA, Inc., 12.00%, 10/15/17         | 1,700 | 1,914,625 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 1,695 | 1,644,150 |
| Standard Pacific Corp.:                          |       |           |
| 6.25%, 4/01/14                                   | 315   | 293,738   |
| 7.00%, 8/15/15                                   | 600   | 552,000   |
|  |       | 4,404,513 |

|  |       |           |
|--|-------|-----------|
| <b>IT Services 0.3%</b>                    |       |           |
| SunGard Data Systems, Inc., 4.88%, 1/15/14 | 1,265 | 1,211,238 |

|  |       |            |
|--|-------|------------|
| <b>Independent Power Producers &amp; Energy Traders 2.6%</b> |       |            |
| The AES Corp., 8.75%, 5/15/13 (b)                            | 261   | 265,241    |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b)      | 1,750 | 1,837,500  |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)            | 3,190 | 3,071,980  |
| NRG Energy, Inc.:  |       |            |
| 7.25%, 2/01/14   | 3,705 | 3,779,100  |
| 7.38%, 2/01/16   | 690   | 695,175    |
| 7.38%, 1/15/17   | 665   | 669,987    |
| 8.50%, 6/15/19   | 800   | 822,000    |
|  |       | 11,140,983 |

|                                      |       |           |
|--------------------------------------|-------|-----------|
| <b>Industrial Conglomerates 1.7%</b> |       |           |
| Sequa Corp. (b):                     |       |           |
| 11.75%, 12/01/15                     | 2,850 | 2,935,500 |
| 13.50%, 12/01/15 (c)                 | 4,023 | 4,183,759 |
|                                      |       | 7,119,259 |

|   |       |           |
|---|-------|-----------|
| <b>Insurance 0.6%</b>                         |       |           |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 1,100 | 1,128,875 |
| USI Holdings Corp., 4.25%, 11/15/14 (b)(f)    | 1,630 | 1,381,425 |
|   |       | 2,510,300 |

|  |     |           |
|--|-----|-----------|
| <b>Leisure Equipment &amp; Products 0.3%</b> |     |           |
| Brunswick Corp., 11.25%, 11/01/16 (b)        | 980 | 1,119,650 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Machinery 1.5%</b>                                      |              |              |
| ESCO Corp., 4.41%, 12/15/13 (b)(f)                         | USD 3,070    | \$ 2,793,700 |
| Navistar International Corp., 8.25%, 11/01/21              | 2,000        | 2,095,000    |
| Titan International, Inc., 8.00%, 1/15/12                  | 1,530        | 1,591,200    |
|  |              | 6,479,900    |
| <b>Media 6.2%</b>  |              |              |
| Affinion Group, Inc., 10.13%, 10/15/13                     | 2,835        | 2,905,875    |
| CCO Holdings LLC, 7.88%, 4/30/18 (b)                       | 2,075        | 2,147,625    |
| CSC Holdings, Inc., 8.50%, 4/15/14                         | 680          | 742,900      |
| Clear Channel Worldwide Holdings, Inc.:<br>9.25%, 12/15/17 | 639          | 662,963      |
| Series B, 9.25%, 12/15/17                                  | 5,422        | 5,686,322    |
| DISH DBS Corp., 7.00%, 10/01/13                            | 3,000        | 3,123,750    |
| Gannett Co., Inc.:<br>10.00%, 4/01/16                      | 390          | 435,848      |
| 9.38%, 11/15/17 (b)  | 1,015        | 1,111,425    |
| Interactive Data Corp., 10.25%, 8/01/18 (b)                | 1,715        | 1,779,312    |
| McClatchy Co., 11.50%, 2/15/17 (b)                         | 1,355        | 1,399,038    |
| Nielsen Finance LLC, 11.63%, 2/01/14                       | 1,925        | 2,158,406    |
| Regal Entertainment Group, 9.13%, 8/15/18                  | 555          | 568,875      |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b)                | EUR 241      | 284,029      |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)                 | USD 895      | 854,725      |
| UPC Germany GmbH, 8.13%, 12/01/17 (b)                      | 3,000        | 3,082,500    |
|  |              | 26,943,593   |
| <b>Metals &amp; Mining 0.9%</b>                            |              |              |
| Aleris International, Inc. (a)(d):<br>9.00%, 12/15/14      | 1,100        | 2,200        |
| 10.00%, 12/15/16   | 1,500        | 570          |
| Murray Energy Corp., 10.25%, 10/15/15 (b)                  | 490          | 501,025      |
| RathGibson, Inc., 11.25%, 2/15/14 (a)(d)                   | 4,440        | 47,730       |
| Ryerson, Inc., 7.84%, 11/01/14 (f)(i)                      | 3,595        | 3,334,363    |
|  |              | 3,885,888    |
| <b>Multiline Retail 0.8%</b>                               |              |              |
| Dollar General Corp.:<br>10.63%, 7/15/15                   | 1,075        | 1,179,813    |
| 11.88%, 7/15/17 (c)  | 1,775        | 2,041,250    |
|  |              | 3,221,063    |
| <b>Oil, Gas &amp; Consumable Fuels 2.6%</b>                |              |              |

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|  |       |            |
|--|-------|------------|
| Arch Coal, Inc., 8.75%, 8/01/16                        | 235   | 254,388    |
| Atlas Energy Operating Co. LLC:                        |       |            |
| 12.13%, 8/01/17  | 1,440 | 1,654,200  |
| 10.75%, 2/01/18  | 355   | 391,387    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b)          | 490   | 503,475    |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)                | 1,750 | 1,857,187  |
| Crosstex Energy LP, 8.88%, 2/15/18                     | 225   | 232,313    |
| Denbury Resources, Inc.:                               |       |            |
| 9.75%, 3/01/16   | 925   | 1,019,812  |
| 8.25%, 2/15/20   | 670   | 715,225    |
| Forest Oil Corp., 8.50%, 2/15/14                       | 470   | 499,375    |
| Massey Energy Co., 6.88%, 12/15/13                     | 1,300 | 1,316,250  |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b)                 | 1,850 | 1,854,625  |
| Titan Petrochemicals Group Ltd., 8.50%,<br>3/18/12 (b) | 1,760 | 968,000    |
|  |       | 11,266,237 |

**Paper & Forest Products 2.8%**

|   |       |            |
|---|-------|------------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c) | 4,312 | 3,686,510  |
| Clearwater Paper Corp., 10.63%, 6/15/16           | 640   | 720,000    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)           | 2,950 | 3,230,250  |
| NewPage Corp., 11.38%, 12/31/14                   | 3,890 | 3,160,625  |
| Verso Paper Holdings LLC:                         |       |            |
| 11.50%, 7/01/14                                   | 550   | 580,250    |
| Series B, 4.22%, 8/01/14 (f)                      | 890   | 729,800    |
|   |       | 12,107,435 |

| Corporate Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Pharmaceuticals 0.4%</b>                             |              |              |
| Angiotech Pharmaceuticals, Inc., 4.29%,<br>12/01/13 (f) | USD 1,570    | \$ 1,267,775 |
| Novasep Holding SAS, 9.63%, 12/15/16 (b)                | EUR 564      | 600,373      |
|   |              | 1,868,148    |
| <b>Real Estate Investment Trusts (REITs) 0.2%</b>       |              |              |
| Omega Healthcare Investors, Inc., 7.50%,<br>2/15/20 (b) | USD 1,010    | 1,052,925    |
| <b>Software 0.0%</b>                                    |              |              |
| BMS Holdings, Inc., 8.59%, 2/15/12 (b)(c)(f)            | 1,780        | 35,611       |
| <b>Specialty Retail 0.3%</b>                            |              |              |
| United Auto Group, Inc., 7.75%, 12/15/16                | 1,275        | 1,217,625    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.3%</b>        |              |              |
| Phillips-Van Heusen Corp.:                              |              |              |
| 7.38%, 5/15/20  | 925          | 952,750      |
| 7.75%, 11/15/23   | 410          | 446,140      |
|   |              | 1,398,890    |

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**Wireless Telecommunication Services 3.5%**

|   |       |                   |
|---|-------|-------------------|
| Cricket Communications, Inc., 7.75%, 5/15/16              | 3,050 | 3,149,125         |
| Digicel Group Ltd. (b):                                   |       |                   |
| 9.13%, 1/15/15 (c)  | 3,948 | 3,967,740         |
| 8.25%, 9/01/17  | 300   | 311,625           |
| MetroPCS Wireless, Inc.:                                  |       |                   |
| 9.25%, 11/01/14   | 760   | 790,400           |
| 9.25%, 11/01/14   | 2,100 | 2,184,000         |
| Nextel Communications, Inc., Series E, 6.88%,<br>10/31/13 | 2,275 | 2,269,312         |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)           | 755   | 717,250           |
| Sprint Capital Corp.:                                     |       |                   |
| 8.38%, 3/15/12  | 625   | 660,938           |
| 6.88%, 11/15/28   | 1,000 | 835,000           |
|   |       | <u>14,885,390</u> |

**Total Corporate Bonds 55.5%**

239,687,787

**Floating Rate Loan Interests (f)**

**Aerospace & Defense 0.4%**

|  |       |                  |
|--|-------|------------------|
| Hawker Beechcraft Acquisition Co., LLC:            |       |                  |
| Letter of Credit Linked Deposit,<br>0.43%, 3/26/14 | 124   | 98,445           |
| Term Loan, 2.26% 2.53%, 3/26/14                    | 2,072 | 1,650,926        |
|  |       | <u>1,749,371</u> |

**Airlines 0.4%**

|  |       |           |
|--|-------|-----------|
| Delta Air Lines, Inc., Credit-Linked Deposit Loan,<br>0.11% 2.28%, 4/30/12 | 1,940 | 1,855,125 |
|--|-------|-----------|

**Auto Components 2.7%**

|   |       |                   |
|---|-------|-------------------|
| Affinion Group Holdings, Inc., Term Loan, 8.51%,<br>3/01/12 (c)       | 3,194 | 3,066,405         |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%,<br>10/09/16         | 998   | 959,675           |
| Allison Transmission, Inc., Term Loan, 3.04%,<br>8/07/14              | 7,267 | 6,695,941         |
| Dana Holding Corp., Term Advance, 4.52% 6.50%,<br>1/30/15             | 346   | 339,646           |
| The Goodyear Tire & Rubber Co., Loan (Second<br>Lien), 2.24%, 4/30/14 | 750   | 694,336           |
|   |       | <u>11,756,003</u> |

**Automobiles 0.7%**

|  |       |                  |
|--|-------|------------------|
| Ford Motor Co.:                        |       |                  |
| Tranche B-1 Term Loan, 3.03%, 12/15/13 | 2,935 | 2,823,307        |
| Tranche B-2 Term Loan, 3.03%, 12/15/13 | 316   | 302,847          |
|  |       | <u>3,126,154</u> |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Debt Strategies Fund, Inc. (DSU)**  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value             |
|---|--------------|-------------------|
| <b>Beverages 0.6%</b>   |              |                   |
| SW Acquisitions Co., Inc., Term Loan, 5.75%,<br>6/01/16   | USD 2,638    | \$ 2,640,222      |
| <b>Building Products 1.0%</b>   |              |                   |
| Building Materials Corp. of America, Term Loan<br>Advance, 3.06%, 2/22/14                         | 553          | 542,139           |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14   | 2,683        | 2,692,335         |
| Momentive Performance Materials<br>(Blitz 06-103 GmbH), Tranche B-2 Term<br>Loan, 2.88%, 12/04/13 | EUR 1,075    | 1,248,770         |
|   |              | <u>4,483,244</u>  |
| <b>Chemicals 3.2%</b>   |              |                   |
| CF Industries, Inc., Term Loan B-1, 4.50%,<br>4/05/15   | USD 1,534    | 1,541,528         |
| Chemtura Corp.:<br>Debtor in Possession Term Facility, 6.00%,<br>2/11/11                          | 1,600        | 1,596,000         |
| Exit Term Loan, 5.50%, 8/16/16  | 1,300        | 1,305,417         |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%,<br>10/29/14                                      | 724          | 724,154           |
| MacDermid, Inc., Tranche C Term Loan, 2.27%,<br>4/12/14   | EUR 697      | 803,984           |
| Nalco Co., Term Loan, 6.50%, 5/13/16  | USD 1,708    | 1,713,442         |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan,<br>(First Lien), 3.52% - 3.73%, 7/30/14      | 3,306        | 3,022,858         |
| Rockwood Specialties Group, Inc., Term Loan H,<br>6.00%, 5/15/14                                  | 1,340        | 1,339,436         |
| Solutia, Inc., Term Loan, 4.75%, 3/17/17  | 1,820        | 1,818,404         |
|   |              | <u>13,865,223</u> |
| <b>Commercial Banks 0.4%</b>  |              |                   |
| CIT Group, Inc., Term Loan, 6.25%, 1/20/12  | 1,500        | 1,495,110         |
| <b>Commercial Services &amp; Supplies 3.5%</b>  |              |                   |
| ARAMARK Corp.:<br>Letter of Credit-1 Facility, 0.11%, 1/26/14                                     | 55           | 51,997            |
| Letter of Credit-2 Facility, 0.11%, 7/26/16   | 64           | 61,826            |
| Term Loan B, 3.78%, 7/26/16   | 970          | 940,102           |
| US Term Loan, 2.41%, 1/26/14  | 761          | 719,013           |
| AWAS Finance Luxembourg Sarl, Term Loan, 7.75%,<br>6/10/16  | 2,250        | 2,263,124         |
| Altegrity, Inc., Incremental Term Loan, 7.75%,<br>2/21/15   | 3,000        | 2,988,750         |

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|   |       |            |
|---|-------|------------|
| Casella Waste Systems, Inc., Term Loan B, 7.00%,<br>4/09/14                 | 386   | 388,030    |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16                           | 975   | 980,282    |
| International Lease Finance Corp., Term Loan 1,<br>6.75%, 3/17/15           | 2,800 | 2,822,168  |
| Quad Graphics, Term Loan, 5.50%, 4/20/16                                    | 950   | 906,300    |
| Synagro Technologies, Inc., Term Loan (First Lien),<br>2.27% 2.28%, 4/02/14 | 786   | 664,011    |
| West Corp., Incremental Term Loan B-3, 7.25%,<br>10/24/13                   | 2,104 | 2,097,152  |
|   |       | 14,882,755 |

**Construction & Engineering 0.6%**

|  |       |           |
|--|-------|-----------|
| Safway Services, LLC, First Out Tranche Loan,<br>9.00%, 12/18/17 | 2,750 | 2,750,000 |
|--|-------|-----------|

**Construction Materials 0.2%**

|   |     |         |
|---|-----|---------|
| Fairmount Minerals Ltd., Term Loan B, 6.25%,<br>8/05/16 | 675 | 675,281 |
|---|-----|---------|

**Consumer Discretionary 1.0%**

|   |       |           |
|---|-------|-----------|
| Laureate Education, Series A New Term Loan, 7.00%,<br>8/15/14 | 4,297 | 4,224,708 |
|---|-------|-----------|

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Consumer Finance 1.9%</b>  |              |              |
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15   | USD 5,000    | \$ 4,940,625 |
| DaimlerChrysler Financial Services Americas LLC,<br>Term Loan (Second Lien), 6.78%, 8/05/13 | 3,432        | 3,420,315    |
|   |              | 8,360,940    |

**Containers & Packaging 0.2%**

|  |     |         |
|--|-----|---------|
| Anchor Glass Container Corp., Term Loan (First Lien),<br>6.00%, 3/02/16  | 243 | 240,556 |
| BWAY Holding Co., Term Loan B, 5.50% 6.00%,<br>6/16/17   | 357 | 356,126 |
| Berry Plastics Holding Corp., Term Loan C,<br>2.38%, 4/03/15   | 343 | 312,757 |
| ICL Industrial Containers ULC/ICL Contenants<br>Industriels ULC (FKA BWAY Corp.), Term Loan C,<br>5.50% 6.00%, 6/16/17 | 33  | 33,408  |
|  |     | 942,847 |

**Diversified Consumer Services 1.5%**

|   |       |           |
|---|-------|-----------|
| Coinmach Service Corp., Term Loan, 3.35%,<br>11/14/14 | 4,583 | 3,995,790 |
| ServiceMaster Co.:                                    |       |           |
| Closing Date Loan, 2.77% 3.04%, 7/24/14               | 2,305 | 2,118,965 |
| Delayed Draw Term Loan, 2.77%, 7/24/14                | 230   | 211,017   |
|   |       | 6,325,772 |

| <b>Diversified Financial Services 1.0%</b> |     |       |           |
|--|-----|-------|-----------|
| Reynolds Group Holdings, Inc.:             |     |       |           |
| Incremental US Term Loan, 6.25%, 5/05/16   |     | 1,400 | 1,390,084 |
| US Term Loan, 6.25%, 5/05/16               |     | 1,193 | 1,186,239 |
| Whitelabel IV SA:                          |     |       |           |
| Term Loan B1, 5.00%, 8/11/17               | EUR | 565   | 708,837   |
| Term Loan B2, 5.00%, 8/11/17               |     | 935   | 1,173,030 |
|  |     |       | 4,458,190 |

| <b>Diversified Telecommunication Services 2.1%</b>                            |     |       |           |
|---|-----|-------|-----------|
| Cincinnati Bell, Inc., Tranche B Term Loan, 6.50%, 6/11/17                    |     |       |           |
|   | USD | 1,995 | 1,980,038 |
| Hawaiian Telcom Communications, Inc., Tranche C Term Loan, 4.75%, 5/30/14 (c) |     |       |           |
|   |     | 4,644 | 3,250,642 |
| Level 3 Communications, Incremental Term Loan, 2.53% 2.78%, 3/13/14           |     |       |           |
|   |     | 3,250 | 2,911,288 |
| Wind Telecomunicazioni SpA:   |     |       |           |
| Term Loan Facility B2, 4.66%, 5/24/13   |     | 568   | 551,841   |
| Term Loan Facility C2, 3.66%, 5/26/14   |     | 568   | 551,841   |
|   |     |       | 9,245,650 |

| <b>Electric Utilities 0.7%</b>                           |  |       |           |
|--|--|-------|-----------|
| New Development Holdings, LLC, Term Loan, 7.00%, 7/03/17 |  |       |           |
|  |  | 3,000 | 3,030,000 |

| <b>Electronic Equipment, Instruments &amp; Components 1.0%</b>       |  |       |           |
|--|--|-------|-----------|
| CDW LLC (FKA LOW Corp.), Term Loan, 4.28%, 10/10/14                  |  |       |           |
|  |  | 2,259 | 2,023,280 |
| Flextronics International Ltd., Closing Date Loan B, 2.56%, 10/01/12 |  |       |           |
|  |  | 535   | 515,205   |
| Styron Sarl, Term Loan, 7.50%, 6/17/16                               |  |       |           |
|  |  | 1,600 | 1,612,496 |
|  |  |       | 4,150,981 |

| <b>Energy Equipment &amp; Services 0.4%</b>           |  |       |           |
|---|--|-------|-----------|
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 |  |       |           |
|   |  | 1,912 | 1,906,924 |

| <b>Food &amp; Staples Retailing 1.4%</b>  |     |       |           |
|---|-----|-------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.55%, 7/09/15 |     |       |           |
|   | GBP | 1,700 | 2,425,350 |
| Pierre Foods, Term Loan, 7.00%, 3/03/16   |     |       |           |
|   | USD | 1,284 | 1,280,600 |
| Pilot Travel Centers, LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16            |     |       |           |
|   |     | 2,157 | 2,159,485 |
|   |     |       | 5,865,435 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (f)   | Par<br>(000) | Value             |
|--|--------------|-------------------|
| <b>Food Products 1.7%</b>  |              |                   |
| Dole Food Co., Inc., Tranche B-1 Term Loan,<br>5.00% 5.50%, 3/02/17  | USD 797      | \$ 798,767        |
| Michael Foods Group, Inc. (FKA M-Foods<br>Holdings, Inc.), Term Loan B, 6.25%, 6/29/16                       | 1,000        | 1,000,714         |
| Pilgrim's Pride Corp., Term Loan A, 5.53%, 12/01/12  | 1,430        | 1,415,700         |
| Pinnacle Foods Finance LLC, Tranche D Term Loan,<br>6.00%, 4/02/14   | 2,063        | 2,065,579         |
| Solvest, Ltd. (Dole), Tranche C-1 Term Loan,<br>5.00% 5.50%, 3/02/17   | 1,979        | 1,982,800         |
|  |              | <u>7,263,560</u>  |
| <b>Health Care Equipment &amp; Supplies 0.7%</b>   |              |                   |
| DJO Finance LLC (FKA ReAble Therapeutics<br>Finance LLC), Term Loan, 3.26%, 5/20/14                          | 3,074        | 2,915,908         |
| <b>Health Care Providers &amp; Services 4.6%</b>   |              |                   |
| CHS/Community Health Systems, Inc.:  |              |                   |
| Delayed Draw Term Loan, 2.55%, 7/25/14   | 205          | 193,242           |
| Term Loan Facility, 2.55%, 7/25/14   | 4,024        | 3,794,425         |
| DaVita, Inc., Tranche B-1 Term Loan, 1.77% 2.04%,<br>10/05/12  | 600          | 590,747           |
| Gentiva Health Services, Inc., Term Loan B,<br>6.75%, 8/12/16  | 1,100        | 1,085,562         |
| HCA, Inc.:   |              |                   |
| Tranche A-1 Term Loan, 2.03%, 11/16/12   | 4,569        | 4,395,650         |
| Tranche B-1 Term Loan, 2.78%, 11/18/13   | 245          | 235,811           |
| Harden Healthcare LLC:   |              |                   |
| Add-on Term Loan, 7.75%, 3/02/15   | 2,650        | 2,597,000         |
| Tranche A Term Loan, 8.50%, 2/22/15  | 793          | 776,873           |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.),<br>Term Loan B, 6.50%, 7/31/16                             | 3,250        | 3,243,906         |
| Renal Advantage Holdings, Inc., Tranche B Term Loan,<br>6.00%, 6/03/16                                       | 1,100        | 1,100,000         |
| Vanguard Health Holding Co. II, LLC<br>(Vanguard Health Systems, Inc.), Initial<br>Term Loan, 5.00%, 1/29/16 | 1,845        | 1,823,056         |
|  |              | <u>19,836,272</u> |
| <b>Health Care Technology 0.6%</b>   |              |                   |
| IMS Health, Inc., Tranche B Dollar Term Loan,<br>5.25%, 2/26/16  | 2,721        | 2,725,821         |
| <b>Hotels, Restaurants &amp; Leisure 2.7%</b>  |              |                   |

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|   |       |            |
|---|-------|------------|
| <b>Harrah's Operating Co., Inc.:</b>  |       |            |
| Term Loan B-1, 3.50%, 1/28/15   | 449   | 383,817    |
| Term Loan B-3, 3.50% - 3.53%, 1/28/15   | 1,404 | 1,199,391  |
| Term Loan B-4, 9.50%, 10/31/16  | 2,239 | 2,284,770  |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 6.00%, 6/30/16 | 3,386 | 3,347,210  |
| Universal City Development Partners Ltd., Loan, 7.75%, 11/06/14               | 2,488 | 2,499,938  |
| <b>VML US Finance LLC (FKA Venetian Macau):</b>                               |       |            |
| Term B Delayed Draw Project Loan, 5.04%, 5/25/12                              | 1,060 | 1,042,023  |
| Term B Funded Project Loan, 5.04%, 5/27/13                                    | 1,013 | 990,932    |
|   |       | 11,748,081 |

|   |       |            |
|---|-------|------------|
| <b>IT Services 2.8%</b>   |       |            |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14   | 2,910 | 2,588,882  |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16  | 1,150 | 1,124,125  |
| <b>First Data Corp.:</b>  |       |            |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14   | 2,801 | 2,388,167  |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14   | 1,375 | 1,172,779  |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Incremental Term Loan, 6.75%, 2/28/14 | 349   | 348,613    |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17   | 4,250 | 4,288,518  |
|   |       | 11,911,084 |

| Floating Rate Loan Interests (f)                             | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Independent Power Producers &amp; Energy Traders 0.5%</b> |              |            |
| <b>Dynegy Holdings, Inc.:</b>                                |              |            |
| Term Letter of Credit Facility, 4.02%, 4/02/13               | USD 327      | \$ 321,860 |
| Tranche B Term Loan, 4.02%, 4/02/13                          | 26           | 25,777     |
| <b>Texas Competitive Electric Holdings Co., LLC (TXU):</b>   |              |            |
| Initial Tranche B-2 Term Loan, 3.79% - 4.07%, 10/10/14       | 2,171        | 1,645,021  |
| Initial Tranche B-3 Term Loan, 3.79% - 4.03%, 10/10/14       | 196          | 148,085    |
|  |              | 2,140,743  |
| <b>Industrial Conglomerates 0.3%</b>                         |              |            |
| Sequa Corp., Term Loan, 3.79%, 12/03/14                      | 1,394        | 1,282,098  |
| <b>Insurance 0.1%</b>  |              |            |
| Alliant Holdings I, Inc., Term Loan, 3.53%, 8/21/14          | 581          | 552,049    |
| <b>Internet &amp; Catalog Retail 0.3%</b>                    |              |            |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14         | 1,096        | 1,096,254  |
| <b>Leisure Equipment &amp; Products 0.3%</b>                 |              |            |
| EB Sports Corp., Loan, 11.50%, 5/01/12 (c)                   | 1,466        | 1,392,281  |
| <b>Machinery 0.2%</b>  |              |            |
|  | 343          | 315,378    |

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|   |     |       |            |
|---|-----|-------|------------|
| Generac Acquisition Corp., Term Loan (First Lien),<br>2.81% 3.03%, 11/10/13                                   |     |       |            |
| Oshkosh Truck Corp., Term Loan B, 6.44% 6.54%,<br>12/06/13  |     | 612   | 614,883    |
|   |     |       | 930,261    |
| <b>Media 8.2%</b>   |     |       |            |
| Cengage Learning Acquisitions, Inc. (Thomson<br>Learning), Tranche 1 Incremental Term Loan,<br>7.50%, 7/03/14 |     | 2,526 | 2,517,582  |
| Charter Communications Operating, LLC:<br>New Term Loan, 2.26%, 3/06/14                                       |     | 546   | 516,358    |
| Term Loan B1, 7.25%, 3/06/14  |     | 1,672 | 1,707,700  |
| Term Loan C, 3.79%, 9/06/16   |     | 5,302 | 5,071,115  |
| Ellis Communications KDOC, LLC, Loan, 10.00%,<br>12/30/11   |     | 6,303 | 2,363,533  |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>5.79%, 6/12/14 (c)  |     | 3,154 | 2,871,752  |
| Hanley-Wood, LLC, Term Loan, 2.56% 2.63%,<br>3/10/14  |     | 742   | 321,082    |
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17   |     | 1,300 | 1,307,583  |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG):<br>Facility B1, 3.52%, 6/30/15                               | EUR | 337   | 322,477    |
| Facility C1, 3.77%, 6/30/16   |     | 674   | 644,953    |
| Mediacom Illinois, LLC (FKA Mediacom<br>Communications, LLC), Tranche D Term<br>Loan, 5.50%, 3/31/17          | USD | 993   | 972,327    |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%,<br>8/01/13  |     | 4,250 | 4,510,312  |
| Sinclair Television Group, Inc., New Tranche B Loan,<br>5.50% 6.25%, 10/29/15                                 |     | 1,587 | 1,588,602  |
| Springer Science+Business Media SA, Facility A1,<br>6.75%, 7/01/16  | EUR | 1,900 | 2,381,692  |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment),<br>Term Facility, 5.68%, 6/01/12                           | USD | 1,432 | 1,335,986  |
| TWCC Holdings Corp., Replacement Term Loan,<br>5.00%, 9/14/15   |     | 1,943 | 1,940,669  |
| UPC Financing Partnership, Facility U, 4.64%,<br>12/31/17   | EUR | 1,600 | 1,882,159  |
| Virgin Media Investment Holdings, Ltd., Facility B,<br>4.77%, 12/31/15  | GBP | 1,250 | 1,858,360  |
| Yell Group Plc Facility A3-Yell Finance (UK) Limited,<br>2.60%, 4/30/14                                       | USD | 1,406 | 1,357,031  |
|   |     |       | 35,471,273 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value            |
|---|--------------|------------------|
| <b>Metals &amp; Mining 0.6%</b>   |              |                  |
| Euramax International, Inc., Domestic Term Loan:                        |              |                  |
| 10.00%, 6/29/13   | USD 1,286    | \$ 1,196,384     |
| 14.00%, 6/29/13 (c)   | 1,343        | 1,249,093        |
|   |              | <u>2,445,477</u> |
| <b>Multi-Utilities 0.3%</b>   |              |                  |
| Energy Transfer Equity, LP, Term Loan, 2.02%,<br>11/01/12               |              |                  |
|   | 750          | 734,062          |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.):                 |              |                  |
| Synthetic Letter of Credit, 0.41%, 11/01/13                             | 9            | 7,940            |
| Term B Advance (First Lien), 3.06%, 11/01/13                            | 509          | 472,314          |
|   |              | <u>1,214,316</u> |
| <b>Multiline Retail 1.7%</b>  |              |                  |
| Dollar General Corp., Tranche B-2 Term Loan,<br>3.01% 3.03%, 7/07/14    |              |                  |
|   | 2,179        | 2,097,209        |
| Hema Holding BV:  |              |                  |
| Facility B, 2.65%, 7/06/15  | EUR 369      | 442,525          |
| Facility C, 3.40%, 7/05/16  | 369          | 442,525          |
| Facility D, 5.65%, 1/01/17  | 2,900        | 3,399,399        |
| The Neiman Marcus Group, Inc., Term Loan,<br>2.30%, 4/06/13             | USD 966      | 915,428          |
|   |              | <u>7,297,086</u> |
| <b>Oil, Gas &amp; Consumable Fuels 2.2%</b>                             |              |                  |
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15                           |              |                  |
|   | 1,500        | 1,518,125        |
| Tronox Worldwide LLC:   |              |                  |
| Tranche B-1 Term Loan, 11.25%, 9/20/10                                  | 2,246        | 2,264,723        |
| Tranche B-2 Term Loan, 11.25%, 9/20/10                                  | 603          | 608,433          |
| Turbo Beta Ltd., Dollar Facility, 14.50%,<br>3/15/18 (c)                | GBP 6,226    | 4,934,275        |
|   |              | <u>9,325,556</u> |
| <b>Paper &amp; Forest Products 0.6%</b>                                 |              |                  |
| Georgia-Pacific LLC, Term Loan B, 2.30% 2.53%,<br>12/23/12              |              |                  |
|   | USD 214      | 210,797          |
| Verso Paper Finance Holdings LLC, PIK Loan,<br>6.69% 7.44%, 2/01/13 (c) | 4,208        | 2,524,622        |
|   |              | <u>2,735,419</u> |





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**Wireless Telecommunication Services 1.9%**

|  |       |                  |
|--|-------|------------------|
| Cavtel Holdings, LLC, Term Loan, 10.50%,<br>12/31/12 (c)                             | 825   | 779,602          |
| Digicel International Finance Ltd., U.S. Term Loan<br>(Non-Rollover), 3.06%, 3/30/12 | 1,167 | 1,139,381        |
| MetroPCS Wireless, Inc.:   |       |                  |
| Tranche B-1 Term Loan, 2.56%, 11/03/13   | 83    | 81,058           |
| Tranche B-2 Term Loan B, 3.81%, 11/03/16   | 909   | 891,419          |
| Vodafone Americas Finance 2 Inc., Initial Loan,<br>6.88%, 7/30/15                    | 5,500 | 5,500,000        |
|  |       | <u>8,391,460</u> |

**Total Floating Rate Loan Interests 59.8%** 257,983,246

**Other Interests (j)**

**Beneficial  
Interest  
(000)**

**Airlines 0.1%**

|                                       |       |                |
|---------------------------------------|-------|----------------|
| Delta Air Lines, Inc. Default Escrow: |       |                |
| 8.33%                                 | 5,505 | 98,539         |
| 10.00%                                | 4,200 | 75,180         |
|                                       |       | <u>173,719</u> |

**Auto Components 0.0%**

|                                     |     |     |
|-------------------------------------|-----|-----|
| Intermet Liquidating Trust, Class A | 833 | 250 |
|-------------------------------------|-----|-----|

**Diversified Financial Services 0.3%**

|   |   |           |
|---|---|-----------|
| J.G. Wentworth LLC Preferred Equity Interests (k) | 1 | 1,190,710 |
|---|---|-----------|

**Household Durables 0.2%**

|  |   |         |
|--|---|---------|
| Stanley Martin, Class B Membership Units (k) | 2 | 947,250 |
|--|---|---------|

**Media 0.0%**

|  |       |               |
|--|-------|---------------|
| Adelphia Escrow                            | 7,500 | 750           |
| Adelphia Preferred Escrow                  | 5     | 1             |
| Adelphia Recovery Trust                    | 9,406 | 37,624        |
| Adelphia Recovery Trust, Series ACC-6B INT | 500   | 50            |
|  |       | <u>38,425</u> |

**Metals & Mining 0.3%**

|                                     |     |           |
|-------------------------------------|-----|-----------|
| RathGibson Acquisition Co., LLC (k) | 280 | 1,488,924 |
|-------------------------------------|-----|-----------|

**Specialty Retail 0.0%**

|                                    |        |            |
|------------------------------------|--------|------------|
| Buffets, Inc.                      | 1,440  | 144        |
| Movie Gallery, Inc. Default Escrow | 21,700 | 217        |
|                                    |        | <u>361</u> |

**Total Other Interests 0.9%** 3,839,639

See Notes to Financial Statements.

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SEMI-ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)  
(Percentages shown are based on Net Assets)

| Warrants (l)  | Shares                                   | Value          |
|---|--|----------------|
| <b>Health Care Providers &amp; Services 0.0%</b>      |  |                |
| HealthSouth Corp. (Expires 1/16/14)                   | 126,761                                  | \$ 1           |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>         |  |                |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14)  | 1,216                                    | 12             |
| <b>Media 0.0%</b>                                     |  |                |
| Charter Communications, Inc. (Expires 11/30/14)       | 12,661                                   | 69,636         |
| <b>Oil, Gas &amp; Consumable Fuels 0.0%</b>           |  |                |
| Turbo Cayman Ltd. (No Expiration)                     | 4  |                |
| <b>Software 0.0%</b>                                  |  |                |
| HMH Holdings/EduMedia (Expires 3/09/17)               | 24,924                                   |                |
| <b>Specialty Retail 0.0%</b>                          |  |                |
| Movie Gallery, Inc. (Expires 5/15/15)                 | 62,323                                   | 1              |
| <b>Total Warrants 0.0%</b>                            |  | 69,650         |
| <b>Total Long-Term Investments</b>                    |  |                |
| (Cost \$596,588,061) 120.1%                           |  | 518,417,395    |
| <b>Short-Term Securities</b>                          |  |                |
|   | <b>Beneficial<br/>Interest<br/>(000)</b> |                |
| Bank of New York Cash Reserves, 0.01% (m)             | USD 2,175                                | 2,174,508      |
| <b>Total Short-Term Securities</b>                    |  | 2,174,508      |
| (Cost \$2,174,508) 0.5%                               |  |                |
| <b>Total Investments (Cost \$598,762,569*) 120.6%</b> |  | 520,591,903    |
| <b>Liabilities in Excess of Other Assets (20.6)%</b>  |  | (89,033,094)   |
| <b>Net Assets 100.0%</b>                              |  | \$ 431,558,809 |

\*

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The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 595,470,258  |
| Gross unrealized appreciation | \$ 24,052,036   |
| Gross unrealized depreciation | (98,930,391)    |
| Net unrealized depreciation   | \$ (74,878,355) |

- (a) Non-income producing security.
- (b) 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.
- (c) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) As a result of bankruptcy proceedings, the company did not repay the principal amount or accrued interest of the security upon maturity.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Convertible security.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) All or a portion of security has been pledged as collateral in connection with swaps.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) The investment is held by a wholly-owned taxable subsidiary of the Fund.
- (l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (m) Represents the current yield as of report date.

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

| Affiliate  | Shares Held at<br>February 28,<br>2010 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income  |
|--|--|-----------------|--------------------------------------|---------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 1,319,723                              | (1,319,723)     |                                      | \$2,856 |

Foreign currency exchange contracts as of August 31, 2010 were as follows:

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| Currency Purchased |            | Currency Sold |            | Counterparty               | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|------------|---------------|------------|----------------------------|-----------------|--|
| EUR                | 2,395,100  | USD           | 3,055,024  | Citibank NA                | 9/15/10         | \$ (19,898)                            |
| USD                | 20,931,990 | EUR           | 16,528,000 | Citibank NA                | 9/15/10         | (12,675)                               |
| USD                | 520,319    | EUR           | 403,500    | Deutsche Bank AG           | 9/15/10         | 8,995                                  |
| CAD                | 1,140,500  | USD           | 1,083,775  | UBS AG                     | 10/20/10        | (15,098)                               |
| USD                | 3,702,055  | CAD           | 3,909,000  | Deutsche Bank AG           | 10/20/10        | 39,222                                 |
| USD                | 5,130,643  | GBP           | 3,328,500  | Royal Bank of Scotland Plc | 10/20/10        | 27,669                                 |
| <b>Total</b>       |            |               |            |                            |                 | <b>\$ 28,215</b>                       |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                         | Pay Fixed Rate | Counterparty           | Expiration     | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------------------|----------------|------------------------|----------------|-----------------------|--|
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs Bank USA | December 2011  | \$ 855                | \$ 50,843                              |
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs Bank USA | September 2013 | \$ 250                | 21,190                                 |
| Brunswick Corp.                | 5.00%          | Goldman Sachs Bank USA | September 2015 | \$ 325                | (17,128)                               |
| <b>Total</b>                   |                |                        |                |                       | <b>\$ 54,905</b>                       |

Credit default swaps on traded issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer                        | Receive Fixed Rate | Counterparty     | Expiration | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Depreciation |
|-------------------------------|--------------------|------------------|------------|----------------------------|------------------------------------|-------------------------|
| BAA Ferrovia Junior Term Loan | 2.00%              | Deutsche Bank AG | March 2012 | A                          | GBP 900                            | \$(48,632)              |

<sup>1</sup> Using S&P's rating of the issuer.

<sup>2</sup> The maximum potential amount the Fund may pay should a negative event take place as defined under the terms of agreement.

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

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Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 or liabilities 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)

See Notes to Financial Statements.

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SEMI-ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments (concluded)

## BlackRock Debt Strategies Fund, Inc. (DSU)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs             | Level 1              | Level 2               | Level 3              | Total                 |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                      |                       |                      |                       |
| Investments in Securities:   |                      |                       |                      |                       |
| Long-Term Investments:       |                      |                       |                      |                       |
| Common Stocks                | \$ 11,681,179        | \$ 4,220,095          | \$ 935,799           | \$ 16,837,073         |
| Corporate Bonds              |                      | 229,063,438           | 10,624,349           | 239,687,787           |
| Floating Rate Loan Interests |                      | 205,463,969           | 52,519,277           | 257,983,246           |
| Other Interests              |                      | 173,719               | 3,665,920            | 3,839,639             |
| Warrants                     | 69,636               |                       | 14                   | 69,650                |
| Short-Term Securities        |                      | 2,174,508             |                      | 2,174,508             |
| <b>Liabilities:</b>          |                      |                       |                      |                       |
| Unfunded Loan Commitments    |                      |                       | (52,865)             | (52,865)              |
| <b>Total</b>                 | <b>\$ 11,750,815</b> | <b>\$ 441,095,729</b> | <b>\$ 67,692,494</b> | <b>\$ 520,539,038</b> |

| Derivative Financial Instruments <sup>1</sup> |         |                  |                    |                  |
|---|---------|------------------|--------------------|------------------|
| Valuation Inputs                              | Level 1 | Level 2          | Level 3            | Total            |
| <b>Assets:</b>                                |         |                  |                    |                  |
| Credit contracts                              |         | \$ 72,033        |                    | \$ 72,033        |
| Foreign currency exchange contracts           |         | 75,886           |                    | 75,886           |
| <b>Liabilities:</b>                           |         |                  |                    |                  |
| Credit contracts                              |         | (17,128)         | \$ (48,632)        | (65,760)         |
| Foreign currency exchange contracts           |         | (47,671)         |                    | (47,671)         |
| <b>Total</b>                                  |         | <b>\$ 83,120</b> | <b>\$ (48,632)</b> | <b>\$ 34,488</b> |

<sup>1</sup> Derivative financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

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|  | Common<br>Stocks  | Corporate<br>Bonds   | Floating Rate<br>Loan Interests | Other<br>Interests  | Warrants     | Unfunded<br>Loan<br>Commitments | Total                |
|--|-------------------|----------------------|---------------------------------|---------------------|--------------|---------------------------------|----------------------|
| <b>Assets/Liabilities:</b>   |                   |                      |                                 |                     |              |                                 |                      |
| Balance, as of February 28,<br>2010                                | \$ 311,675        | \$ 11,805,208        | \$ 58,483,045                   | \$ 2,253,500        | \$ 31,175    |                                 | \$ 72,884,603        |
| Accrued discounts/premiums   |                   | 283,239              | 312,255                         |                     |              |                                 | 595,494              |
| Net realized gain (loss)   |                   | 177,745              | (6,167,426)                     | 364,537             |              |                                 | (5,625,144)          |
| Net change in unrealized<br>appreciation/depreciation <sup>2</sup> | 713,481           | 758,386              | 8,253,852                       | 79,727              | (31,161)     | \$ (52,865)                     | 9,721,420            |
| Purchases  |                   | 23,853               | 3,147,673                       |                     |              |                                 | 3,171,526            |
| Sales  |                   | (2,406,340)          | (31,346,952)                    | (520,768)           |              |                                 | (34,274,060)         |
| Transfers in <sup>3</sup>  | 805,207           |                      | 32,221,417                      | 1,488,924           |              |                                 | 34,515,548           |
| Transfers out <sup>3</sup>   | (894,564)         | (17,742)             | (12,384,587)                    |                     |              |                                 | (13,296,893)         |
| <b>Balance, as of August 31,<br/>2010</b>                          | <b>\$ 935,799</b> | <b>\$ 10,624,349</b> | <b>\$ 52,519,277</b>            | <b>\$ 3,665,920</b> | <b>\$ 14</b> | <b>\$ (52,865)</b>              | <b>\$ 67,692,494</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$1,342,598.

<sup>3</sup> The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

The following table is a reconciliation of Level 3 derivative financial instruments for which significant unobservable inputs were used in determining fair value:

|   | Credit<br>Contracts |
|---|---------------------|
| <b>Liabilities:</b>   |                     |
| Balance, as of February 28, 2010                                | \$ (94,696)         |
| Accrued discounts/premiums                                      |                     |
| Net realized gain (loss)  |                     |
| Net change in unrealized appreciation/depreciation <sup>4</sup> | 46,064              |
| Purchases   |                     |
| Sales   |                     |
| Transfers in <sup>5</sup>                                       |                     |
| Transfers out <sup>5</sup>                                      |                     |
| <b>Balance, as of August 31, 2010</b>                           | <b>\$ (48,632)</b>  |

<sup>4</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on swaps still held on August 31, 2010 was \$46,064.

<sup>5</sup> The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.





Schedule of Investments August 31, 2010 (Unaudited)

**BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)**  
 (Percentages shown are based on Net Assets)

| Common Stocks (a)  | Shares | Value      |
|--|--------|------------|
| <b>Building Products 0.1%</b>                            |        |            |
| Masonite Worldwide Holdings                              | 3,830  | \$ 145,540 |
| <b>Chemicals 0.0%</b>                                    |        |            |
| GEO Specialty Chemicals, Inc.                            | 10,732 | 4,120      |
| Wellman Holdings, Inc.                                   | 181    | 9          |
|  |        | 4,129      |
| <b>Construction Materials 0.0%</b>                       |        |            |
| Nortek, Inc.   | 710    | 29,465     |
| <b>Electrical Equipment 0.0%</b>                         |        |            |
| Medis Technologies Ltd.                                  | 13,053 | 405        |
| <b>Semiconductors &amp; Semiconductor Equipment 0.1%</b> |        |            |
| SunPower Corp., Class B                                  | 5,332  | 55,133     |
| <b>Software 0.2%</b>                                     |        |            |
| HMH Holdings/EduMedia                                    | 47,611 | 238,055    |
| <b>Total Common Stocks 0.4%</b>                          |        | 472,727    |

| Corporate Bonds   | Par<br>(000) | Value     |
|---|--------------|-----------|
| <b>Airlines 0.4%</b>                                      |              |           |
| Air Canada, 9.25%, 8/01/15 (b)                            | USD 250      | 245,000   |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16          | 285          | 299,325   |
|   |              | 544,325   |
| <b>Auto Components 0.8%</b>                               |              |           |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | 16           | 15,830    |
| Icahn Enterprises LP:<br>7.75%, 1/15/16                   | 105          | 104,213   |
| 8.00%, 1/15/18  | 1,000        | 995,000   |
|   |              | 1,115,043 |

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| <b>Building Products 2.4%</b>                              |       |           |
|--|-------|-----------|
| Building Materials Corp. of America, 7.00%,<br>2/15/20 (b) | 425   | 422,875   |
| CPG International I, Inc., 7.50%, 7/01/12 (c)              | 3,000 | 2,898,750 |
|  |       | 3,321,625 |

| <b>Capital Markets 0.2%</b>                                |     |         |
|--|-----|---------|
| E*Trade Financial Corp., 4.00%, 8/31/19 (b)(d)(e)          | 46  | 55,200  |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b)               | 593 | 219,410 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(f)         | 166 | 14,971  |
| Marsico Parent Superholdco, LLC, 14.50%,<br>1/15/18 (b)(f) | 176 | 15,865  |
|  |     | 305,446 |

| <b>Chemicals 1.1%</b>   |     |           |
|---|-----|-----------|
| CF Industries, Inc., 6.88%, 5/01/18   | 480 | 505,200   |
| GEO Specialty Chemicals, Inc. (b):<br>7.50%, 3/31/15 (d)(f)                     | 702 | 456,366   |
| 10.00%, 3/31/15   | 691 | 448,864   |
| Wellman Holdings, Inc., Subordinate Note (Third Lien),<br>5.00%, 1/29/19 (d)(f) | 195 | 76,181    |
|   |     | 1,486,611 |

| <b>Commercial Banks 1.1%</b>    |       |           |
|---------------------------------|-------|-----------|
| CIT Group, Inc., 7.00%, 5/01/17 | 1,585 | 1,490,395 |

| <b>Commercial Services &amp; Supplies 0.5%</b> |     |         |
|--|-----|---------|
| Clean Harbors, Inc., 7.63%, 8/15/16            | 400 | 410,000 |
| The Geo Group, Inc., 7.75%, 10/15/17 (b)       | 300 | 309,000 |
|  |     | 719,000 |

| <b>Corporate Bonds</b>                      | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|----------------------|--------------|
| <b>Construction Materials 0.5%</b>          |                      |              |
| Nortek, Inc., 11.00%, 12/01/13              | USD 713              | \$ 751,487   |
| <b>Consumer Finance 0.5%</b>                |                      |              |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | 190                  | 196,888      |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b)   | 525                  | 538,125      |
|   |                      | 735,013      |

| <b>Containers &amp; Packaging 2.4%</b>                   |         |           |
|--|---------|-----------|
| Berry Plastics Corp.:<br>8.25%, 11/15/15                 | 900     | 902,250   |
| 9.50%, 5/15/18 (b)                                       | 280     | 257,600   |
| Berry Plastics Holding Corp., 8.88%, 9/15/14             | 50      | 47,625    |
| Clondalkin Acquisition BV, 2.54%, 12/15/13 (b)(c)        | 1,500   | 1,308,750 |
| Owens-Brockway Glass Container, Inc., 6.75%,<br>12/01/14 | EUR 113 | 144,631   |
| Smurfit Kappa Acquisitions (b):<br>7.25%, 11/15/17       | 275     | 355,464   |

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|  |     |     |           |
|--|-----|-----|-----------|
| 7.75%, 11/15/19  |     | 265 | 344,217   |
|  |     |     | 3,360,537 |
| <b>Diversified Financial Services 1.6%</b>                       |     |     |           |
| Ally Financial Inc., 8.30%, 2/12/15 (b)                          | USD | 950 | 988,000   |
| Axcan Intermediate Holdings, Inc., 12.75%,<br>3/01/16            |     | 100 | 100,125   |
| FCE Bank Plc, 7.13%, 1/16/12                                     | EUR | 400 | 524,642   |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (b)           | USD | 400 | 403,000   |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (b)                 | EUR | 200 | 257,249   |
|  |     |     | 2,273,016 |
| <b>Diversified Telecommunication Services 1.0%</b>               |     |     |           |
| Frontier Communications Corp., 8.25%, 4/15/17                    | USD | 290 | 306,675   |
| ITC Deltacom, Inc., 10.50%, 4/01/16                              |     | 500 | 492,500   |
| Qwest Communications International, Inc., 8.00%,<br>10/01/15 (b) |     | 300 | 322,500   |
| Qwest Corp., 8.38%, 5/01/16                                      |     | 240 | 279,600   |
|  |     |     | 1,401,275 |
| <b>Energy Equipment &amp; Services 0.5%</b>                      |     |     |           |
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (b)             |     | 750 | 701,250   |
| <b>Food &amp; Staples Retailing 0.3%</b>                         |     |     |           |
| AmeriQual Group LLC, 9.50%, 4/01/12 (b)                          |     | 250 | 245,000   |
| Rite Aid Corp., 8.00%, 8/15/20 (b)                               |     | 140 | 139,125   |
|  |     |     | 384,125   |
| <b>Food Products 0.7%</b>  |     |     |           |
| B&G Foods, Inc., 7.63%, 1/15/18                                  |     | 300 | 308,625   |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (b)                        |     | 240 | 253,800   |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b)                      |     | 390 | 435,337   |
|  |     |     | 997,762   |
| <b>Health Care Equipment &amp; Supplies 0.5%</b>                 |     |     |           |
| DJO Finance LLC, 10.88%, 11/15/14                                |     | 685 | 733,806   |
| <b>Health Care Providers &amp; Services 0.9%</b>                 |     |     |           |
| American Renal Holdings, 8.38%, 5/15/18 (b)                      |     | 75  | 75,000    |
| HCA, Inc., 7.25%, 9/15/20  |     | 255 | 266,475   |
| Tenet Healthcare Corp.:  |     |     |           |
| 9.00%, 5/01/15   |     | 95  | 101,175   |
| 8.88%, 7/01/19   |     | 690 | 746,062   |
|  |     |     | 1,188,712 |
| <b>Health Care Technology 0.8%</b>                               |     |     |           |
| IMS Health, Inc., 12.50%, 3/01/18 (b)                            |     | 980 | 1,135,575 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Hotels, Restaurants &amp; Leisure 1.1%</b>                            |              |            |
| Little Traverse Bay Bands of Odawa Indians, 10.25%,<br>2/15/14 (a)(b)(g) | USD 1,565    | \$ 528,188 |
| MGM Resorts International, 10.38%, 5/15/14                               | 260          | 283,400    |
| Travelport LLC, 5.16%, 9/01/14 (c)                                       | 815          | 755,912    |
|  |              | 1,567,500  |
| <b>Independent Power Producers &amp; Energy Traders 2.5%</b>             |              |            |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (b)               | 1,215        | 1,275,750  |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)                        | 500          | 481,501    |
| NRG Energy, Inc., 7.25%, 2/01/14   | 1,660        | 1,693,200  |
|  |              | 3,450,451  |
| <b>Industrial Conglomerates 0.5%</b>                                     |              |            |
| Sequa Corp., 13.50%, 12/01/15 (b)(f)                                     | 679          | 705,814    |
| <b>Media 2.6%</b>  |              |            |
| Affinion Group, Inc., 10.13%, 10/15/13                                   | 555          | 568,875    |
| CSC Holdings, Inc., 8.50%, 4/15/14                                       | 230          | 251,275    |
| Clear Channel Worldwide Holdings, Inc.:<br>9.25%, 12/15/17               | 212          | 219,950    |
| Series B, 9.25%, 12/15/17  | 847          | 888,291    |
| DISH DBS Corp., 7.00%, 10/01/13  | 525          | 546,656    |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b)                              | EUR 60       | 70,713     |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)                               | USD 135      | 128,925    |
| UPC Germany GmbH, 8.13%, 12/01/17 (b)                                    | 1,000        | 1,027,500  |
|  |              | 3,702,185  |
| <b>Metals &amp; Mining 0.4%</b>  |              |            |
| FMG Finance Property Ltd., 4.30%, 9/01/11 (b)(c)                         | 180          | 180,225    |
| Ryerson, Inc., 7.84%, 11/01/14 (c)                                       | 450          | 417,375    |
|  |              | 597,600    |
| <b>Multiline Retail 0.2%</b>   |              |            |
| Dollar General Corp., 11.88%, 7/15/17 (f)                                | 235          | 270,250    |
| <b>Oil, Gas &amp; Consumable Fuels 0.6%</b>                              |              |            |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b)                            | 160          | 164,400    |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b)                                   | 665          | 666,663    |

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|   |     |            |
|---|-----|------------|
|   |     | 831,063    |
| <b>Paper &amp; Forest Products 0.1%</b>                   |     |            |
| Verso Paper Holdings LLC, Series B, 4.22%,<br>8/01/14 (c) | 180 | 147,600    |
| <b>Pharmaceuticals 0.9%</b>                               |     |            |
| Angiotech Pharmaceuticals, Inc., 4.29%,<br>12/01/13 (c)   | 300 | 242,250    |
| Elan Finance Plc, 4.38%, 11/15/11 (c)                     | 950 | 948,812    |
|   |     | 1,191,062  |
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b>          |     |            |
| Phillips-Van Heusen Corp., 7.38%, 5/15/20                 | 195 | 200,850    |
| <b>Wireless Telecommunication Services 1.8%</b>           |     |            |
| Cricket Communications, Inc., 7.75%, 5/15/16              | 825 | 851,812    |
| Digicel Group Ltd. (b):<br>9.13%, 1/15/15 (f)             | 399 | 400,995    |
| 8.25%, 9/01/17  | 100 | 103,875    |
| iPCS, Inc., 2.59%, 5/01/13 (c)                            | 500 | 467,500    |
| Nextel Communications, Inc., Series E, 6.88%,<br>10/31/13 | 425 | 423,938    |
| Sprint Capital Corp., 8.38%, 3/15/12                      | 200 | 211,500    |
|   |     | 2,459,620  |
| <b>Total Corporate Bonds 27.0%</b>                        |     | 37,768,998 |

| Floating Rate Loan Interests (c)   | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Aerospace &amp; Defense 1.6%</b>  |              |            |
| DynCorp International, Term Loan, 6.25%, 7/07/16   | USD 575      | \$ 570,544 |
| Hawker Beechcraft Acquisition Co., LLC:<br>Letter of Credit Linked Deposit, 0.43%, 3/26/14 | 45           | 35,596     |
| Term Loan, 2.26%, 3/26/14  | 736          | 586,523    |
| TASC, Inc.:  |              |            |
| Tranche A Term Loan, 5.50%, 12/18/14   | 323          | 323,269    |
| Tranche B Term Loan, 5.75%, 12/18/15   | 657          | 658,342    |
|  |              | 2,174,274  |

|   |         |           |
|---|---------|-----------|
| <b>Auto Components 3.0%</b>   |         |           |
| Affinion Group Holdings, Inc., Term Loan, 8.51%,<br>3/01/12 (f)                         | 341     | 327,741   |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%,<br>10/09/16                           | 748     | 719,756   |
| Allison Transmission, Inc., Term Loan, 3.04%,<br>8/07/14                                | 2,643   | 2,435,781 |
| Dana Holding Corp., Term Advance, 4.52% 6.50%,<br>1/30/15                               | 475     | 466,419   |
| Exide Global Holdings Netherlands C.V., European<br>Borrower, Term Loan, 3.94%, 5/15/12 | EUR 170 | 199,538   |
| GPX International Tire Corp. (a)(g):<br>Tranche B Term Loan, 10.25%, 3/30/12            | 549     |           |
| PIK fee 12.00%, 4/11/12   | USD 9   |           |

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4,149,235

**Automobiles 1.2%**

Ford Motor Co.:

|  |       |           |
|--|-------|-----------|
| Tranche B-1 Term Loan, 3.03%, 12/15/13 | 1,626 | 1,563,953 |
| Tranche B-2 Term Loan, 3.03%, 12/15/13 | 146   | 139,915   |

1,703,868

**Beverages 1.0%**

SW Acquisitions Co., Inc., Term Loan, 5.75%,  
6/01/16

1,368 1,369,720

**Building Products 1.8%**

Building Materials Corp. of America, Term Loan

|   |       |           |
|---|-------|-----------|
| Advance, 3.06%, 2/22/14                         | 470   | 461,329   |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | 1,432 | 1,436,894 |

Momentive Performance Materials

|  |         |         |
|--|---------|---------|
| (Blitz 06-103 GmbH), Tranche B-2 Term<br>Loan, 2.88%, 12/04/13 | EUR 345 | 400,768 |
|--|---------|---------|

PGT Industries, Inc., Tranche A-2 Term Loan, 7.25%,  
2/14/12

USD 226 209,183

2,508,174

**Capital Markets 0.3%**

Nuveen Investments, Inc., Term Loan (First Lien),  
3.48% 3.53%, 11/13/14

525 463,477

**Chemicals 5.2%**

CF Industries, Inc., Term Loan B-1, 4.50%, 4/05/15

487 489,310

Chemtura Corp.:

Debtor in Possession Term Facility, 6.00%,  
2/11/11

800 798,000

Exit Term Loan, 5.50%, 8/16/16

800 803,334

Gentek Holding, LLC, Tranche B Term Loan, 7.00%,  
10/29/14

453 452,596

Huish Detergents, Inc., Tranche B Term Loan, 2.02%,  
4/26/14

331 312,553

Lyondell Chemical Co., Exit Term Loan, 5.50%,  
4/08/16

335 337,326

MacDermid, Inc., Tranche C Term Loan, 2.27%,  
4/12/14

EUR 285 328,609

Nalco Co., Term Loan, 6.50%, 5/13/16

USD 1,262 1,266,457

PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan  
(First Lien), 3.52% 3.73%, 7/30/14

1,304 1,191,937

Rockwood Specialties Group, Inc., Term Loan H,  
6.00%, 5/15/14

678 678,089

See Notes to Financial Statements.



## Schedule of Investments (continued)

**BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)**  
 (Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (c)   | Par<br>(000) | Value            |
|--|--------------|------------------|
| <b>Chemicals (concluded)</b>   |              |                  |
| Solutia, Inc., Term Loan, 4.75%, 3/17/17   | USD 647      | \$ 646,907       |
|  |              | <u>7,305,118</u> |
| <b>Commercial Banks 0.9%</b>   |              |                  |
| CIT Group, Inc., Term Loan, 6.25%, 1/20/12   | 1,325        | 1,320,681        |
| <b>Commercial Services &amp; Supplies 6.4%</b>   |              |                  |
| ARAMARK Corp.:   |              |                  |
| Letter of Credit-1 Facility, 0.11%, 1/26/14  | 18           | 16,881           |
| Letter of Credit-2 Facility, 0.11%, 7/26/16  | 29           | 27,635           |
| U.S. Term Loan, 2.41%, 1/26/14   | 247          | 233,436          |
| U.S. Term Loan B, 3.78%, 7/26/16   | 433          | 420,209          |
| AWAS Finance Luxembourg Sarl, Term Loan, 7.75%, 6/10/16                                  | 675          | 678,937          |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan, 3.02%, 10/21/13                     | 407          | 391,331          |
| Advanced Disposal Services, Inc., Term Loan B, 6.00%, 1/14/15                            | 498          | 497,500          |
| Altegrity, Inc., Incremental Term Loan, 7.75%, 2/21/15                                   | 1,000        | 996,250          |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14                                 | 495          | 497,475          |
| Diversey, Inc. (FKA Johnson Diversey, Inc.), Tranche B Dollar Term Loan, 5.50%, 11/24/15 | 498          | 496,256          |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16  | 600          | 603,250          |
| International Lease Finance Corp., Term Loan 1, 6.75%, 3/17/15                           | 1,150        | 1,159,105        |
| Protection One, Inc., Term Loan, 6.00%, 6/04/16  | 870          | 860,213          |
| Quad Graphics, Term Loan, 5.50%, 4/20/16   | 300          | 286,200          |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27% 2.28%, 4/02/14                 | 970          | 819,650          |
| West Corp., Incremental Term Loan B-3, 7.25%, 10/24/13                                   | 1,011        | 1,008,119        |
|  |              | <u>8,992,447</u> |
| <b>Communications Equipment 0.1%</b>   |              |                  |
| Sorenson Communications, Tranche C Term Loan, 6.00%, 8/16/13                             | 134          | 119,799          |
| <b>Construction &amp; Engineering 0.7%</b>   |              |                  |
| Acquilex Holdings, LLC, Term Loan B, 5.50%, 4/01/16                                      | 100          | 99,334           |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17                            | 900          | 900,000          |

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|  |  |                      |       |       |              |
|--|--|----------------------|-------|-------|--------------|
|  |  |                      |       |       | 999,334      |
| <b>Construction Materials 0.3%</b>   |  |                      |       |       |              |
| Fairmount Minerals Ltd., Term Loan B, 6.25%,<br>8/05/16  |  |                      |       | 475   | 475,198      |
| <b>Consumer Finance 2.6%</b>   |  |                      |       |       |              |
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15  |  |                      |       | 2,025 | 2,000,953    |
| DaimlerChrysler Financial Services Americas LLC,<br>Term Loan (Second Lien), 6.78%, 8/05/13                            |  |                      |       | 1,687 | 1,681,510    |
|  |  |                      |       |       | 3,682,463    |
| <b>Containers &amp; Packaging 0.8%</b>   |  |                      |       |       |              |
| Anchor Glass Container Corp., Term Loan (First Lien),<br>6.00%, 3/02/16  |  |                      |       | 325   | 321,913      |
| BWAY Holding Co., Term Loan, 5.50% 6.00%,<br>6/16/17   |  |                      |       | 128   | 127,840      |
| Berry Plastics Holding Corp., Term Loan C,<br>2.32% 2.38%, 4/03/15   |  |                      |       | 366   | 333,444      |
| Graham Packaging Co., LP, Term Loan C, 6.75%,<br>4/05/14   |  |                      |       | 274   | 275,460      |
| ICL Industrial Containers ULC/ICL Contenants<br>Industriels ULC (FKA BWAY Corp.), Term Loan C,<br>5.50% 6.00%, 6/16/17 |  |                      |       | 12    | 11,993       |
|  |  |                      |       |       | 1,070,650    |
| <b>Floating Rate Loan Interests (c)</b>  |  |                      |       |       |              |
|  |  | <b>Par<br/>(000)</b> |       |       | <b>Value</b> |
| <b>Diversified Consumer Services 3.1%</b>  |  |                      |       |       |              |
| Coinmach Service Corp., Term Loan, 3.35%,<br>11/14/14  |  | USD                  | 1,466 | \$    | 1,278,313    |
| Laureate Education, Series A New Term Loan,<br>7.00%, 8/15/14  |  |                      | 2,059 |       | 2,024,942    |
| ServiceMaster Co.:   |  |                      |       |       |              |
| Closing Date Loan, 2.77% 3.04%, 7/24/14  |  |                      | 964   |       | 886,036      |
| Delayed Draw Term Loan, 6.25% 2.77%, 7/24/14   |  |                      | 96    |       | 88,236       |
|  |  |                      |       |       | 4,277,527    |
| <b>Diversified Financial Services 2.0%</b>   |  |                      |       |       |              |
| MSCI, Inc., Term Loan, 4.75%, 6/01/16  |  |                      | 923   |       | 925,379      |
| Reynolds Group Holdings, Inc.:   |  |                      |       |       |              |
| Incremental US Term Loan, 6.25%, 5/05/16   |  |                      | 600   |       | 595,750      |
| US Term Loan, 6.25%, 5/05/16   |  |                      | 596   |       | 592,498      |
| Whitelabel IV SA:  |  |                      |       |       |              |
| Term Loan B-1, 5.00%, 8/11/17  |  |                      | 188   |       | 236,279      |
| Term Loan B-2, 5.00%, 8/11/17  |  |                      | 312   |       | 391,010      |
|  |  |                      |       |       | 2,740,916    |
| <b>Diversified Telecommunication Services 2.6%</b>   |  |                      |       |       |              |
| Cincinnati Bell Inc., Tranche B Term Loan, 6.50%, 6/11/17  |  |                      | 723   |       | 717,764      |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%,<br>4/15/15   |  |                      | 800   |       | 798,000      |

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|  |     |       |           |
|--|-----|-------|-----------|
| Level 3 Communications, Incremental Term Loan,<br>2.53% 2.78%, 3/13/14               |     | 1,650 | 1,478,039 |
| Wind Finance SL SA, Euro Facility (Second Lien),<br>7.89%, 12/17/14                  | EUR | 525   | 663,955   |
|  |     |       | 3,657,758 |
| <b>Electric Utilities 1.1%</b>   |     |       |           |
| New Development Holdings, LLC, Term Loan,<br>7.00%, 7/03/17                          | USD | 1,500 | 1,515,000 |
| <b>Electrical Equipment 0.5%</b>   |     |       |           |
| Baldor Electric Co., Term Loan, 5.25% 5.50%,<br>1/31/14                              |     | 640   | 639,625   |
| <b>Electronic Equipment, Instruments &amp;<br/>Components 1.4%</b>                   |     |       |           |
| CDW LLC (FKA CDW Corp.), Term Loan B, 4.28%,<br>10/10/14                             |     | 677   | 606,494   |
| Flextronics International Ltd.:<br>Closing Date Loan B, 2.56%, 10/01/12              |     | 558   | 537,039   |
| Delayed Draw Term Loan A-2, 2.51%, 10/01/14  |     | 21    | 19,419    |
| Delayed Draw Term Loan A-3, 2.56%, 10/01/14  |     | 24    | 22,656    |
| Styron Sarl, Term Loan B, 7.50%, 6/17/16   |     | 800   | 806,248   |
|  |     |       | 1,991,856 |
| <b>Energy Equipment &amp; Services 0.5%</b>  |     |       |           |
| MEG Energy Corp., Tranche D Term Loan, 6.00%,<br>4/03/16                             |     | 744   | 742,587   |
| <b>Food &amp; Staples Retailing 2.9%</b>   |     |       |           |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots),<br>Facility B1, 3.55%, 7/09/15 | GBP | 675   | 963,006   |
| Bolthouse Farms, Inc., Term Loan (First Lien),<br>5.50%, 2/11/16                     | USD | 599   | 595,202   |
| DS Waters of America, Inc., Term Loan, 2.51%,<br>10/29/12                            |     | 456   | 435,918   |
| Pierre Foods, Term Loan, 7.00%, 3/03/16  |     | 585   | 583,294   |
| Pilot Travel Centers, LLC, Initial Tranche B Term Loan,<br>5.25%, 6/30/16            |     | 1,294 | 1,295,691 |
| Rite Aid Corp., Term Loan B, 6.00%, 7/09/14  |     | 250   | 241,500   |
|  |     |       | 4,114,611 |
| <b>Food Products 2.6%</b>  |     |       |           |
| CII Investment, LLC (FKA Cloverhill):<br>Term Loan A, 8.50%, 10/14/14                |     | 445   | 444,771   |
| Term Loan B, 8.50%, 10/14/14   |     | 541   | 540,943   |
| Dole Food Co., Inc., Tranche B-1 Term Loan,<br>5.00% 5.50%, 3/02/17                  |     | 207   | 207,640   |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (c)   | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Food Products (concluded)</b>   |              |            |
| Michael Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 6.25%, 6/29/16                    | USD 500      | \$ 500,357 |
| Pilgrim's Pride Corp., Term Loan A, 5.53%, 12/01/12  | 640          | 633,600    |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14  | 838          | 839,048    |
| Solvest, Ltd. (Dole), Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17                                      | 522          | 522,815    |
|  |              | 3,689,174  |
| <b>Health Care Equipment &amp; Supplies 1.0%</b>   |              |            |
| Biomet, Inc., Dollar Term Loan, 3.26% 3.54%, 3/25/15   | 425          | 410,687    |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14                       | 439          | 416,558    |
| Fresenius AG:  |              |            |
| Tranche C-1 Dollar Term Loan, 4.50%, 9/10/14   | 343          | 343,171    |
| Tranche C-2 Term Loan, 4.50%, 9/10/14  | 183          | 183,340    |
|  |              | 1,353,756  |
| <b>Health Care Providers &amp; Services 5.7%</b>   |              |            |
| CHS/Community Health Systems, Inc.:  |              |            |
| Delayed Draw Term Loan, 2.55%, 7/25/14   | 89           | 83,541     |
| Term Loan Facility, 2.55%, 7/25/14   | 1,668        | 1,572,484  |
| DaVita, Inc., Tranche B-1 Term Loan, 1.77% 2.04%, 10/05/12   | 175          | 172,301    |
| Gentiva Health Services, Inc., Term Loan B, 6.75%, 8/12/16   | 600          | 592,125    |
| HCA, Inc.:   |              |            |
| Tranche A-1 Term Loan, 2.03%, 11/16/12   | 976          | 938,607    |
| Tranche B-1 Term Loan, 2.78%, 11/18/13   | 311          | 298,895    |
| Tranche B-2 Term Loan, 3.78%, 3/31/17  | 553          | 535,175    |
| Harden Healthcare LLC:   |              |            |
| Add-on Term Loan, 7.75%, 3/02/15   | 700          | 686,000    |
| Tranche A Term Loan, 8.50%, 2/22/15  | 396          | 388,436    |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16                          | 1,200        | 1,197,750  |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 6.00%, 6/03/16                                    | 600          | 600,000    |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 893          | 882,066    |

7,947,380

**Health Care Technology 0.7%**

|   |     |         |
|---|-----|---------|
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%,<br>2/26/16 | 977 | 979,144 |
|---|-----|---------|

**Hotels, Restaurants & Leisure 4.7%**

|  |       |                  |
|--|-------|------------------|
| Harrah's Operating Co., Inc.:  |       |                  |
| Term Loan B-1, 3.50%, 1/28/15  | 128   | 109,662          |
| Term Loan B-3, 3.50% 3.53%, 1/28/15  | 1,876 | 1,603,075        |
| Penn National Gaming, Inc., Term Loan B,<br>2.01% 2.24%, 10/03/12                                | 450   | 438,916          |
| Six Flags Theme Parks, Inc., Tranche B Term Loan<br>(First Lien), 6.00%, 6/30/16                 | 943   | 932,437          |
| Travelport LLC (FKA Travelport, Inc.):   |       |                  |
| Delayed Draw Term Loan, 2.76%, 8/23/13   | 250   | 237,198          |
| Original Post-First Amendment and Restatement<br>Synthetic Letter of Credit Loan, 3.03%, 8/23/13 | 24    | 22,493           |
| Tranche B Dollar Term Loan, 2.76%, 8/23/13   | 131   | 123,870          |
| Universal City Development Partners Ltd.:  |       |                  |
| Term Loan, 7.75%, 11/06/14   | 746   | 749,981          |
| Term Loan B, 5.50%, 11/16/14   | 769   | 769,967          |
| VML US Finance LLC (FKA Venetian Macau), Term B:   |       |                  |
| Delayed Draw Project Loan, 5.04%, 5/25/12  | 534   | 524,738          |
| Funded Project Loan, 5.04%, 5/27/13  | 1,036 | 1,017,964        |
|  |       | <u>6,530,301</u> |

| Floating Rate Loan Interests (c) | Par<br>(000) | Value |
|----------------------------------|--------------|-------|
|----------------------------------|--------------|-------|

**IT Services 4.5%**

|  |     |       |    |                  |
|--|-----|-------|----|------------------|
| Audio Visual Services Group, Inc., Tranche B Term<br>Loan (First Lien), 2.79%, 2/28/14 (f) | USD | 495   | \$ | 366,234          |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14  |     | 1,046 |    | 930,608          |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16   |     | 400   |    | 391,000          |
| First Data Corp.:  |     |       |    |                  |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14  |     | 311   |    | 265,695          |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14  |     | 1,501 |    | 1,279,939        |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14  |     | 480   |    | 409,222          |
| SunGard Data Systems, Inc. (Solar Capital Corp.),<br>Incremental Term Loan, 6.75%, 2/28/14 |     | 1,110 |    | 1,108,367        |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17  |     | 1,500 |    | 1,513,594        |
|  |     |       |    | <u>6,264,659</u> |

**Independent Power Producers & Energy Traders 1.0%**

|   |  |     |  |                  |
|---|--|-----|--|------------------|
| Dynegy Holdings, Inc.:                                  |  |     |  |                  |
| Term Letter of Credit Facility, 4.02%, 4/02/13          |  | 242 |  | 238,039          |
| Tranche B Term Loan, 4.02%, 4/02/13                     |  | 19  |  | 19,064           |
| Texas Competitive Electric Holdings Co., LLC (TXU):     |  |     |  |                  |
| Initial Tranche B-1 Term Loan, 3.79% 4.03%,<br>10/10/14 |  | 819 |  | 620,561          |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%,<br>10/10/14 |  | 614 |  | 463,155          |
|   |  |     |  | <u>1,340,819</u> |

**Industrial Conglomerates 1.4%**

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|   |       |           |
|---|-------|-----------|
| Sequa Corp., Term Loan, 3.79%, 12/03/14   | 2,122 | 1,952,134 |
| <b>Insurance 0.5%</b>   |       |           |
| Alliant Holdings I, Inc., Term Loan, 3.53%, 8/21/14   | 810   | 769,589   |
| <b>Internet &amp; Catalog Retail 0.3%</b>   |       |           |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14  | 382   | 382,115   |
| <b>Machinery 0.3%</b>   |       |           |
| Oshkosh Truck Corp., Term Loan B, 6.44% 6.54%, 12/06/13   | 487   | 489,796   |
| <b>Marine 0.2%</b>  |       |           |
| Horizon Lines, LLC:   |       |           |
| Revolving Loan, 3.52% 3.55%, 8/08/12  | 195   | 166,986   |
| Term Loan, 3.79%, 8/08/12   | 148   | 134,762   |
|   |       | 301,748   |
| <b>Media 16.0%</b>  |       |           |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 1,755 | 1,749,201 |
| Cequel Communications, LLC, New Term Loan, 2.30%, 11/05/13  | 530   | 509,095   |
| Charter Communications Operating, LLC:  |       |           |
| New Term Loan, 2.26%, 3/06/14   | 259   | 245,270   |
| Term Loan B-1, 7.25%, 3/06/14   | 524   | 535,252   |
| Term Loan C, 3.79%, 9/06/16   | 2,827 | 2,703,933 |
| Clarke American Corp., Term Loan B, 2.76%, 6/30/14  | 723   | 622,942   |
| FoxCo Acquisition Sub, LLC, Term Loan, 7.50%, 7/14/15   | 414   | 398,168   |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 5.79%, 6/12/14 (f)                                       | 1,008 | 917,024   |
| Hanley-Wood, LLC, Term Loan, 2.56% 2.63%, 3/10/14   | 975   | 421,688   |
| Intelsat Corp. (FKA PanAmSat Corp.):  |       |           |
| Tranche B-2-A Term Loan, 3.03%, 1/03/14   | 165   | 156,337   |
| Tranche B-2-B Term Loan, 3.03%, 1/03/14   | 165   | 156,289   |
| Tranche B-2-C Term Loan, 3.03%, 1/03/14   | 165   | 156,289   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (c)   | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Media (concluded)</b>   |              |            |
| Intelsat Subsidiary Holding Co. Ltd., Term Loan B, 3.03%, 7/03/13                | USD 728      | \$ 694,367 |
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17                                | 700          | 704,083    |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG), Facility B1, 3.52%, 6/30/15     | EUR 337      | 322,477    |
| MCNA Cable Holdings LLC (OneLink Communications), Loan, 6.89%, 3/01/13 (f)       | USD 586      | 497,921    |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC):                       |              |            |
| Term Loan, 4.50%, 10/23/17   | 1,000        | 943,733    |
| Tranche D Term Loan, 5.50%, 3/31/17  | 496          | 486,164    |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13                              | 1,325        | 1,406,156  |
| Nielsen Finance LLC:   |              |            |
| Class A, Dollar Term Loan, 2.29%, 8/09/13  | 13           | 12,557     |
| Class B, Dollar Term Loan, 4.04%, 5/01/16  | 1,354        | 1,308,709  |
| Class C, Dollar Term Loan, 4.04%, 5/28/16  | 352          | 337,668    |
| Penton Media, Inc., Term Loan (First Lien), 5.00%, 8/01/14 (f)                   | 486          | 335,005    |
| Regal Cinemas Corp., Term Loan, 4.03%, 11/19/16                                  | 324          | 320,135    |
| Sinclair Television Group, Inc., New Tranche B Loan, 5.50% 6.25%, 10/29/15       | 614          | 614,148    |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16                  | EUR 1,000    | 1,253,522  |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.68%, 6/01/12 | USD 522      | 487,136    |
| TWCC Holdings Corp., Replacement Term Loan, 5.00%, 9/14/15                       | 1,061        | 1,059,830  |
| UPC Financing Partnership, Facility U, 4.64%, 12/31/17                           | EUR 1,050    | 1,235,167  |
| Virgin Media Investment Holdings, Ltd., B Facility, 4.77%, 12/31/15              | GBP 750      | 1,115,016  |
| Yell Group Plc Facility A3-Yell Finance (UK) Limited, 2.60, 4/30/14              | USD 703      | 678,516    |
|  |              | 22,383,798 |
| <b>Multi-Utilities 0.2%</b>  |              |            |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.):                          |              |            |
| Synthetic Letter of Credit, 0.41%, 11/01/13                                      | 4            | 3,493      |
| Term B Advance (First Lien), 3.06%, 11/01/13                                     | 224          | 207,769    |
|  |              | 211,262    |
| <b>Multiline Retail 1.4%</b>   |              |            |
|  | 960          | 924,512    |



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|  |     |                  |
|--|-----|------------------|
| Dollar General Corp., Tranche B-2 Term Loan,<br>3.01% 3.03%, 7/07/14 |     |                  |
| <b>Hema Holding BV:</b>  |     |                  |
| Facility B, 2.65%, 7/06/15   | 209 | 250,764          |
| Facility C, 3.40%, 7/05/16   | 209 | 250,764          |
| The Neiman Marcus Group, Inc., Term Loan,<br>2.30%, 4/06/13          | 540 | 511,563          |
|  |     | <u>1,937,603</u> |

|   |     |                  |
|---|-----|------------------|
| <b>Oil, Gas &amp; Consumable Fuels 1.0%</b>   |     |                  |
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15 | 500 | 506,041          |
| <b>Tronox Worldwide LLC:</b>                  |     |                  |
| Tranche B-1 Term Loan, 11.25%, 9/20/10        | 709 | 715,176          |
| Tranche B-2 Term Loan, 11.25%, 9/20/10        | 191 | 192,137          |
|   |     | <u>1,413,354</u> |

|   |       |                  |
|---|-------|------------------|
| <b>Paper &amp; Forest Products 1.2%</b>                                 |       |                  |
| Georgia-Pacific LLC, Term Loan B, 2.30% 2.53%,<br>12/23/12              | 847   | 834,628          |
| Verso Paper Finance Holdings LLC, PIK Loan,<br>6.69% 7.44%, 2/01/13 (f) | 1,327 | 796,357          |
|   |       | <u>1,630,985</u> |

|   |                      |              |
|---|----------------------|--------------|
| <b>Floating Rate Loan Interests (c)</b> | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|----------------------|--------------|

|   |        |           |
|---|--------|-----------|
| <b>Personal Products 0.0%</b>   |        |           |
| American Safety Razor Co., LLC, Term Loan<br>(First Lien), 8.75%, 7/31/13 (f) | USD 54 | \$ 49,564 |

|   |     |                  |
|---|-----|------------------|
| <b>Pharmaceuticals 1.0%</b>                               |     |                  |
| Warner Chilcott Co., LLC, Term Loan A, 6.00%,<br>10/30/14 | 398 | 397,019          |
| <b>Warner Chilcott Corp.:</b>                             |     |                  |
| Additional Term Loan, 6.25%, 4/30/15                      | 217 | 216,970          |
| Term Loan B-1, 6.25%, 4/30/15                             | 163 | 162,700          |
| Term Loan B-2, 6.25%, 4/30/15                             | 273 | 272,549          |
| Term Loan B-3, 6.50%, 2/20/16                             | 272 | 272,727          |
| Term Loan B-4, 6.50%, 2/20/16                             | 88  | 88,493           |
|   |     | <u>1,410,458</u> |

|   |       |           |
|---|-------|-----------|
| <b>Professional Services 0.9%</b>                                 |       |           |
| Booz Allen Hamilton, Inc., Tranche C Term Loan,<br>6.00%, 7/31/15 | 1,244 | 1,243,439 |

|   |       |           |
|---|-------|-----------|
| <b>Real Estate Management &amp; Development 1.9%</b>      |       |           |
| Mattamy Funding Partnership, Term Loan, 2.56%,<br>4/11/13 | 229   | 211,049   |
| <b>Realogy Corp.:</b>                                     |       |           |
| Delayed Draw Term Loan B, 3.30% 3.53%,<br>10/10/13        | 1,393 | 1,202,268 |
| Initial Term Loan B, 3.30%, 10/10/13                      | 1,213 | 1,047,033 |
| Synthetic Letter of Credit, 0.11%, 10/10/13               | 208   | 179,487   |

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2,639,837

|   |         |             |
|---|---------|-------------|
| <b>Semiconductors &amp; Semiconductor Equipment 0.2%</b>                          |         |             |
| Freescal Semiconductor, Inc., Extended Maturity Term Loan, 4.56%, 12/01/16        | 300     | 268,266     |
| <b>Software 0.8%</b>  |         |             |
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16                           | 698     | 697,669     |
| Vertafore, Inc., Term Loan B, 6.75%, 7/28/16                                      | 355     | 352,781     |
|   |         | 1,050,450   |
| <b>Specialty Retail 1.7%</b>  |         |             |
| Bass Pro Group LLC, Term Loan, 5.00% 5.75%, 4/10/15                               | 180     | 179,492     |
| Burlington Coat Factory Warehouse Corp., Term Loan, 2.54% 2.66%, 5/28/13          | 220     | 208,395     |
| Matalan, Term Loan, 5.57%, 3/24/16  | GBP 300 | 455,723     |
| Michaels Stores, Inc., Term Loan B-1: 2.63% 2.81%, 10/31/13                       | USD 523 | 493,755     |
| 4.88% 5.06%, 7/31/16  | 277     | 266,804     |
| Toys R Us, Inc., Term Loan B, 6.00%, 8/17/16                                      | 800     | 797,995     |
|   |         | 2,402,164   |
| <b>Textiles, Apparel &amp; Luxury Goods 0.8%</b>                                  |         |             |
| Hanesbrands, Inc., New Term Loan, 5.25%, 12/10/15                                 | 368     | 371,091     |
| Phillips Van Heusen Corp., Tranche B Loan, 4.75%, 5/06/16                         | 776     | 780,264     |
|   |         | 1,151,355   |
| <b>Wireless Telecommunication Services 3.0%</b>                                   |         |             |
| Digicel International Finance Ltd., U.S. Term Loan (Non-Rollover), 3.06%, 3/30/12 | 2,340   | 2,284,435   |
| MetroPCS Wireless, Inc.:  |         |             |
| Tranche B-1 Term Loan, 2.56%, 11/03/13  | 84      | 81,163      |
| Tranche B-2 Term Loan B, 3.81%, 11/03/16  | 910     | 892,574     |
| Vodafone Group Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15              | 1,000   | 1,000,000   |
|   |         | 4,258,172   |
| <b>Total Floating Rate Loan Interests 93.0%</b>                                   |         | 130,065,640 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)  
(Percentages shown are based on Net Assets)

| Other Interests (h)   | Beneficial<br>Interest<br>(000) | Value            |
|---|---------------------------------|------------------|
| <b>Auto Components 1.1%</b>   |                                 |                  |
| Delphi Debtor-in-Possession Holding Co. LLP<br>Class B Membership Interests | USD                             | (i) \$ 1,558,950 |
| <b>Diversified Financial Services 0.2%</b>                                  |                                 |                  |
| J.G. Wentworth LLC Preferred Equity Interest (j)                            |                                 | (i) 299,336      |
| <b>Total Other Interests 1.3%</b>   |                                 | 1,858,286        |

| Warrants (k)                            | Shares      |
|---|-------------|
| HMH Holdings/EduMedia (Expires 3/09/17) | 5,330       |
| <b>Total Warrants 0.0%</b>              |             |
| <b>Total Long-Term Investments</b>      |             |
| (Cost \$176,704,266) 121.7%             | 170,165,651 |

| Short-Term Securities   |           | Value     |
|---|-----------|-----------|
| BlackRock Liquidity Funds, TempFund, Institutional<br>Class, 0.25% (l)(m) | 1,227,551 | 1,227,551 |
| <b>Total Short-Term Securities</b>  |           |           |
| (Cost \$1,227,551) 0.9%   |           | 1,227,551 |

| Options Purchased  | Contracts |
|--|-----------|
| <b>Over-the-Counter Call Options 0.0%</b>  |           |
| Marsico Parent Superholdco LLC, Strike Price<br>USD 942.86, expires 12/21/19, Broker<br>Goldman Sachs Bank USA | 11        |

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|  |                |                |
|--|----------------|----------------|
| <b>Total Options Purchased</b>                 |                |                |
| (Cost \$10,756)                                | 0.0%           |                |
| <hr/>  |                |                |
| <b>Total Investments (Cost \$177,942,573*)</b> | <b>122.6%</b>  | 171,393,202    |
| <b>Liabilities in Excess of Other Assets</b>   | <b>(22.6)%</b> | (31,552,737)   |
| <hr/>  |                |                |
| <b>Net Assets</b>                              | <b>100.0%</b>  | \$ 139,840,465 |
| <hr/>  |                |                |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 178,037,546 |
| Gross unrealized appreciation | \$ 3,393,067   |
| Gross unrealized depreciation | (10,037,411)   |
| Net unrealized depreciation   | \$ (6,644,344) |

- (a) Non-income producing security.
- (b) 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.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Convertible security.
- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (g) Issuer filed for bankruptcy and/or is in default of interest payments.
- (h) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (i) Amount is less than \$1,000.
- (j) The investment is held by a wholly owned taxable subsidiary of the Fund.
- (k) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (l) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at<br>February 28,<br>2010 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income   |
|-----------|--|-----------------|--------------------------------------|----------|
|           | 1,797,812                              | (570,261)       | 1,227,551                            | \$ 2,472 |

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BlackRock Liquidity  
Funds, TempFund,  
Institutional Class

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

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased |           | Currency Sold |           | Counterparty           | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|-----------|---------------|-----------|------------------------|-----------------|--|
| USD                | 211,852   | EUR           | 160,000   | Citibank NA            | 9/15/10         | \$ 9,096                               |
| USD                | 6,736,299 | EUR           | 5,347,500 | Deutsche Bank AG       | 9/15/10         | (40,177)                               |
| EUR                | 619,200   | USD           | 789,751   | Citibank NA            | 9/15/10         | (5,086)                                |
| USD                | 2,855,495 | GBP           | 1,852,500 | Royal Bank of Scotland | 10/20/10        | 15,399                                 |
| <b>Total</b>       |           |               |           |                        |                 | <b>\$ (20,768)</b>                     |

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 or liabilities 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies 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.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

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

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs             | Level 1      | Level 2        | Level 3       | Total          |
|------------------------------|--------------|----------------|---------------|----------------|
| <b>Assets:</b>               |              |                |               |                |
| Investments in Securities:   |              |                |               |                |
| Long-Term Investments:       |              |                |               |                |
| Common Stocks                | \$ 230,543   |                | \$ 242,184    | \$ 472,727     |
| Corporate Bonds              |              | \$ 36,771,757  | 997,241       | 37,768,998     |
| Floating Rate Loan Interests |              | 107,309,721    | 22,755,919    | 130,065,640    |
| Other Interests              |              | 1,558,950      | 299,336       | 1,858,286      |
| Short-Term Securities        | 1,227,551    |                |               | 1,227,551      |
| <b>Liabilities:</b>          |              |                |               |                |
| Unfunded Loan Commitments    |              |                | (50,937)      | (50,937)       |
| <b>Total</b>                 | \$ 1,458,094 | \$ 145,640,428 | \$ 24,243,743 | \$ 171,342,265 |

| Derivative Financial Instruments <sup>1</sup> |         |             |         |             |
|---|---------|-------------|---------|-------------|
| Valuation Inputs                              | Level 1 | Level 2     | Level 3 | Total       |
| <b>Assets:</b>                                |         |             |         |             |
| Foreign currency exchange contracts           |         | \$ 24,495   |         | \$ 24,495   |
| <b>Liabilities:</b>                           |         |             |         |             |
| Foreign currency exchange contracts           |         | (45,263)    |         | (45,263)    |
| <b>Total</b>                                  |         | \$ (20,768) |         | \$ (20,768) |

<sup>1</sup> Derivative financial instruments are foreign currency exchange contracts. Foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|                               | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Unfunded Loan Commitments | Total         |
|-------------------------------|---------------|-----------------|------------------------------|-----------------|---------------------------|---------------|
| <b>Assets/Liabilities:</b>    |               |                 |                              |                 |                           |               |
| Balance as of August 31, 2009 | \$ 30,435     | \$ 1,016,670    | \$ 18,711,638                | \$ 1,622,470    | \$ (34,025)               | \$ 21,347,188 |
| Accrued discounts/premiums    |               | 24,219          | 64,432                       |                 |                           | 88,651        |
| Net realized gain (loss)      |               | 5               | (954,756)                    |                 |                           | (954,751)     |

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|   |                   |                   |                      |                   |                    |                      |
|---|-------------------|-------------------|----------------------|-------------------|--------------------|----------------------|
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 3,159             | (48,878)          | 1,737,603            | (63,520)          | (16,912)           | 1,611,452            |
| Purchases   |                   | 4,776             | 7,083,084            |                   |                    | 7,087,860            |
| Sales   |                   | 449               | (15,639,731)         |                   |                    | (15,639,282)         |
| Transfers in <sup>3</sup>                                       | 238,055           |                   | 14,824,999           | 299,336           |                    | 15,362,390           |
| Transfers out <sup>3</sup>                                      | (29,465)          |                   | (3,071,350)          | (1,558,950)       |                    | (4,659,765)          |
| <b>Balance, as of August 31, 2010</b>                           | <b>\$ 242,184</b> | <b>\$ 997,241</b> | <b>\$ 22,755,919</b> | <b>\$ 299,336</b> | <b>\$ (50,937)</b> | <b>\$ 24,243,743</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$231,584.

<sup>3</sup> The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

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Schedule of Investments August 31, 2010 (Unaudited)

**BlackRock Senior High Income Fund, Inc. (ARK)**  
(Percentages shown are based on Net Assets)

| Common Stocks (a)                       | Shares  | Value            |
|---|---------|------------------|
| <b>Building Products 0.2%</b>           |         |                  |
| Masonite Worldwide Holdings             | 12,832  | \$ 487,616       |
| <b>Capital Markets 0.2%</b>             |         |                  |
| E*Trade Financial Corp.                 | 27,100  | 336,311          |
| <b>Chemicals 0.0%</b>                   |         |                  |
| GEO Specialty Chemicals, Inc.           | 142,466 | 54,693           |
| Wellman Holdings, Inc.                  | 5,131   | 256              |
|   |         | <u>54,949</u>    |
| <b>Construction Materials 0.0%</b>      |         |                  |
| Nortek, Inc.                            | 2,570   | 106,655          |
| <b>Containers &amp; Packaging 0.1%</b>  |         |                  |
| Smurfit Kappa Plc                       | 18,171  | 158,888          |
| <b>Metals &amp; Mining 0.1%</b>         |         |                  |
| Euramax International                   | 935     | 308,517          |
| <b>Paper &amp; Forest Products 0.8%</b> |         |                  |
| Ainsworth Lumber Co. Ltd.               | 346,134 | 811,493          |
| Ainsworth Lumber Co. Ltd. (b)           | 421,556 | 988,315          |
|   |         | <u>1,799,808</u> |
| <b>Software 0.2%</b>                    |         |                  |
| HMH Holdings/EduMedia                   | 76,829  | 384,143          |
| <b>Total Common Stocks 1.6%</b>         |         | <u>3,636,887</u> |

| Corporate Bonds   | Par<br>(000) |                  |
|---|--------------|------------------|
| <b>Aerospace &amp; Defense 1.2%</b>                           |              |                  |
| Bombardier, Inc., 7.75%, 3/15/20 (b)                          | \$ 900       | 967,500          |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17 | 600          | 619,500          |
| TransDigm, Inc., 7.75%, 7/15/14                               | 1,100        | 1,133,000        |
|   |              | <u>2,720,000</u> |



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**Airlines 0.8%**

|  |     |           |
|--|-----|-----------|
| Air Canada, 9.25%, 8/01/15 (b)                   | 700 | 686,000   |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 475 | 498,875   |
| United Air Lines, Inc., 12.75%, 7/15/12          | 595 | 663,113   |
|  |     | 1,847,988 |

**Auto Components 1.3%**

|                                     |       |           |
|-------------------------------------|-------|-----------|
| Icahn Enterprises LP:               |       |           |
| 7.75%, 1/15/16                      | 160   | 158,800   |
| 8.00%, 1/15/18                      | 2,690 | 2,676,550 |
| Venture Holdings Co. LLC (a)(c)(d): |       |           |
| 12.00%, 6/01/09                     | 700   |           |
| Series B, 9.50%, 7/01/05            | 3,325 | 333       |
|                                     |       | 2,835,683 |

**Biotechnology 0.1%**

|                            |     |         |
|----------------------------|-----|---------|
| QHP Pharma, 10.25%, 35 (b) | 262 | 267,262 |
|----------------------------|-----|---------|

**Building Products 2.8%**

|  |       |           |
|--|-------|-----------|
| Building Materials Corp. of America, 7.00%,<br>2/15/20 (b) | 675   | 671,625   |
| CPG International I, Inc.:                                 |       |           |
| 7.50%, 7/01/12 (e)   | 3,500 | 3,381,875 |
| 10.50%, 7/01/13  | 1,500 | 1,498,125 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13                  | 725   | 746,750   |
|  |       | 6,298,375 |

| Corporate Bonds                               | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Chemicals 3.0%</b>                         |              |            |
| American Pacific Corp., 9.00%, 2/01/15        | \$ 610       | \$ 603,138 |
| CF Industries, Inc., 6.88%, 5/01/18           | 770          | 810,425    |
| GEO Specialty Chemicals, Inc. (b):            |              |            |
| 7.50%, 3/31/15 (f)(g)                         | 1,869        | 1,214,605  |
| 10.00%, 3/31/15                               | 1,839        | 1,195,168  |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b)       | 240          | 253,200    |
| Wellman Holdings, Inc., Subordinate Note (g): |              |            |
| (Second Lien), 10.00%, 1/29/19 (b)            | 2,383        | 2,073,210  |
| (Third Lien), 5.00%, 1/29/19 (f)              | 1,680        | 655,335    |
|   |              | 6,805,081  |

**Commercial Banks 2.0%**

|                                 |       |           |
|---------------------------------|-------|-----------|
| CIT Group, Inc., 7.00%, 5/01/17 | 4,845 | 4,555,812 |
|---------------------------------|-------|-----------|

**Commercial Services & Supplies 1.0%**

|   |     |           |
|---|-----|-----------|
| ACCO Brands Corp., 10.63%, 3/15/15              | 365 | 401,500   |
| Clean Harbors, Inc., 7.63%, 8/15/16             | 700 | 717,500   |
| The Geo Group, Inc., 7.75%, 10/15/17 (b)        | 450 | 463,500   |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b) | 550 | 599,500   |
|   |     | 2,182,000 |

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**Construction Materials 1.2%**

|                                |       |           |
|--------------------------------|-------|-----------|
| Nortek, Inc., 11.00%, 12/01/13 | 2,581 | 2,720,173 |
|--------------------------------|-------|-----------|

**Consumer Finance 1.4%**

|  |       |           |
|--|-------|-----------|
| Credit Acceptance Corp., 9.13%, 2/01/17 (b)      | 300   | 310,875   |
| Ford Motor Credit Co. LLC:<br>3.28%, 1/13/12 (e) | 1,340 | 1,313,200 |
| 6.63%, 8/15/17                                   | 400   | 406,549   |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b)        | 1,150 | 1,178,750 |
|  |       | 3,209,374 |

**Containers & Packaging 2.3%**

|  |       |           |
|--|-------|-----------|
| Ball Corp., 6.75%, 9/15/20                               | 325   | 342,062   |
| Berry Plastics Corp., 8.25%, 11/15/15                    | 1,100 | 1,102,750 |
| Clondalkin Acquisition BV, 2.54%, 12/15/13 (b)(e)        | 2,000 | 1,745,000 |
| Crown Americas LLC, 7.63%, 5/15/17 (b)                   | 400   | 427,000   |
| Graphic Packaging International, Inc., 9.50%,<br>6/15/17 | 555   | 591,075   |
| Smurfit Kappa Funding Plc, 7.75%, 4/01/15                | 1,050 | 1,050,000 |
|  |       | 5,257,887 |

**Diversified Financial Services 4.1%**

|  |       |           |
|--|-------|-----------|
| Ally Financial, Inc. (b):<br>8.30%, 2/12/15            | 4,700 | 4,888,000 |
| 7.50%, 9/15/20   | 1,650 | 1,633,500 |
| Axcan Intermediate Holdings, Inc., 12.75%,<br>3/01/16  | 370   | 370,463   |
| Highland Legacy Ltd., 6.72%, 6/01/11 (b)(e)            | 3,081 | 1,417,351 |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (b) | 955   | 962,162   |
|  |       | 9,271,476 |

**Diversified Telecommunication Services 2.8%**

|  |       |           |
|--|-------|-----------|
| Frontier Communications Corp., 8.25%, 4/15/17            | 1,460 | 1,543,950 |
| ITC Deltacom, Inc., 10.50%, 4/01/16                      | 900   | 886,500   |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (b) | 180   | 189,000   |
| Qwest Corp., 8.38%, 5/01/16                              | 3,000 | 3,495,000 |
| tw telecom holdings, Inc., 8.00%, 3/01/18                | 230   | 239,200   |
|  |       | 6,353,650 |

**Energy Equipment & Services 0.8%**

|  |       |           |
|--|-------|-----------|
| Compagnie Générale de Géophysique-Veritas,<br>7.50%, 5/15/15 | 965   | 955,350   |
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (b)         | 1,000 | 935,000   |
|  |       | 1,890,350 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Food &amp; Staples Retailing 0.4%</b>                                 |              |            |
| Rite Aid Corp., 9.75%, 6/12/16   | \$ 825       | \$ 876,562 |
| <b>Food Products 0.7%</b>  |              |            |
| B&G Foods, Inc., 7.63%, 1/15/18  | 500          | 514,375    |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (b)                                | 380          | 401,850    |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b)                              | 630          | 703,237    |
|  |              | 1,619,462  |
| <b>Health Care Equipment &amp; Supplies 0.7%</b>                         |              |            |
| DJO Finance LLC, 10.88%, 11/15/14  | 710          | 760,587    |
| Hologic, Inc., 2.00%, 12/15/37 (g)(h)                                    | 830          | 750,113    |
|  |              | 1,510,700  |
| <b>Health Care Providers &amp; Services 1.8%</b>                         |              |            |
| American Renal Holdings, 8.38%, 5/15/18 (b)                              | 245          | 245,000    |
| HCA, Inc., 8.50%, 4/15/19  | 210          | 230,213    |
| inVentiv Health, Inc., 10.00%, 8/15/18 (b)                               | 210          | 205,275    |
| Tenet Healthcare Corp.:  |              |            |
| 10.00%, 5/01/18  | 850          | 956,250    |
| 8.88%, 7/01/19   | 2,230        | 2,411,187  |
|  |              | 4,047,925  |
| <b>Health Care Technology 0.8%</b>                                       |              |            |
| IMS Health, Inc., 12.50%, 3/01/18 (b)                                    | 1,580        | 1,830,825  |
| <b>Hotels, Restaurants &amp; Leisure 1.2%</b>                            |              |            |
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                               | 540          | 510,300    |
| Little Traverse Bay Bands of Odawa Indians, 10.25%,<br>2/15/14 (a)(b)(c) | 1,210        | 408,375    |
| MGM Mirage, 13.00%, 11/15/13   | 80           | 92,400     |
| MGM Resorts International:   |              |            |
| 10.38%, 5/15/14  | 720          | 784,800    |
| 11.13%, 11/15/17   | 750          | 838,125    |
| Marina District Finance Co., Inc., 9.88%,<br>8/15/18 (b)                 | 160          | 159,600    |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(c)        | 220          | 161        |
|  |              | 2,793,761  |
| <b>Household Durables 0.9%</b>   |              |            |

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|  |       |           |
|--|-------|-----------|
| Beazer Homes USA, Inc., 12.00%, 10/15/17         | 1,000 | 1,126,250 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 900   | 873,000   |
|  |       | 1,999,250 |

**Independent Power Producers & Energy Traders 2.7%**

|  |       |           |
|--|-------|-----------|
| The AES Corp., 8.75%, 5/15/13 (b)                          | 139   | 141,259   |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (b) | 1,600 | 1,680,000 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)          | 1,065 | 1,025,598 |
| NRG Energy, Inc.:  |       |           |
| 7.25%, 2/01/14   | 2,020 | 2,060,400 |
| 7.38%, 2/01/16   | 375   | 377,812   |
| 7.38%, 1/15/17   | 365   | 367,738   |
| 8.50%, 6/15/19   | 500   | 513,750   |
|  |       | 6,166,557 |

**Industrial Conglomerates 1.5%**

|                      |       |           |
|----------------------|-------|-----------|
| Sequa Corp. (b):     |       |           |
| 11.75%, 12/01/15     | 1,430 | 1,472,900 |
| 13.50%, 12/01/15 (f) | 1,930 | 2,007,176 |
|                      |       | 3,480,076 |

**Machinery 1.7%**

|   |       |           |
|---|-------|-----------|
| ESCO Corp., 4.41%, 12/15/13 (b)(e)            | 1,540 | 1,401,400 |
| Navistar International Corp., 8.25%, 11/01/21 | 1,500 | 1,571,250 |
| Titan International, Inc., 8.00%, 1/15/12     | 770   | 800,800   |
|   |       | 3,773,450 |

| Corporate Bonds                                  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Media 6.5%</b>                                |              |              |
| Affinion Group, Inc., 10.13%, 10/15/13           | \$ 1,455     | \$ 1,491,375 |
| CCO Holdings LLC, 7.88%, 4/30/18 (b)             | 1,075        | 1,112,625    |
| CSC Holdings, Inc., 8.50%, 4/15/14               | 390          | 426,075      |
| Clear Channel Worldwide Holdings, Inc.:          |              |              |
| 9.25%, 12/15/17                                  | 340          | 352,750      |
| Series B, 9.25%, 12/15/17                        | 2,757        | 2,891,404    |
| DISH DBS Corp.:                                  |              |              |
| 7.00%, 10/01/13                                  | 850          | 885,062      |
| 6.63%, 10/01/14                                  | 750          | 766,875      |
| Gannett Co., Inc.:                               |              |              |
| 10.00%, 4/01/16                                  | 205          | 229,100      |
| 9.38%, 11/15/17 (b)                              | 530          | 580,350      |
| Interactive Data Corp., 10.25%, 8/01/18 (b)      | 900          | 933,750      |
| McClatchy Co., 11.50%, 2/15/17 (b)               | 745          | 769,213      |
| Nielsen Finance LLC, 11.63%, 2/01/14             | 1,000        | 1,121,250    |
| Regal Entertainment Group, 9.13%, 8/15/18        | 290          | 297,250      |
| UPC Germany GmbH, 8.13%, 12/01/17 (b)            | 1,500        | 1,541,250    |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 | 1,250        | 1,300,000    |
|  |              | 14,698,329   |

**Metals & Mining 0.9%**

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|  |       |           |
|--|-------|-----------|
| Aleris International, Inc., 9.00%, 12/15/14 (a)(c) | 840   | 1,680     |
| Murray Energy Corp., 10.25%, 10/15/15 (b)          | 260   | 265,850   |
| RathGibson, Inc., 11.25%, 2/15/14 (a)(c)           | 2,175 | 23,381    |
| Ryerson, Inc., 7.84%, 11/01/14 (e)                 | 1,800 | 1,669,500 |
|  |       | <hr/>     |
|  |       | 1,960,411 |

**Multiline Retail 0.8%**

|                       |     |           |
|-----------------------|-----|-----------|
| Dollar General Corp.: |     |           |
| 10.63%, 7/15/15       | 660 | 724,350   |
| 11.88%, 7/15/17 (f)   | 948 | 1,090,200 |
|                       |     | <hr/>     |
|                       |     | 1,814,550 |

**Oil, Gas & Consumable Fuels 2.5%**

|   |       |           |
|---|-------|-----------|
| Arch Coal, Inc., 8.75%, 8/01/16               | 140   | 151,550   |
| Atlas Energy Operating Co. LLC:               |       |           |
| 12.13%, 8/01/17                               | 825   | 947,719   |
| 10.75%, 2/01/18                               | 200   | 220,500   |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | 260   | 267,150   |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)       | 900   | 955,125   |
| Crosstex Energy LP, 8.88%, 2/15/18            | 120   | 123,900   |
| Denbury Resources, Inc.:                      |       |           |
| 9.75%, 3/01/16                                | 520   | 573,300   |
| 8.25%, 2/15/20                                | 351   | 374,692   |
| Forest Oil Corp., 8.50%, 2/15/14              | 280   | 297,500   |
| Massey Energy Co., 6.88%, 12/15/13            | 800   | 810,000   |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b)        | 1,000 | 1,002,500 |
|   |       | <hr/>     |
|   |       | 5,723,936 |

**Paper & Forest Products 1.8%**

|   |       |           |
|---|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(f) | 1,356 | 1,159,529 |
| Clearwater Paper Corp., 10.63%, 6/15/16           | 365   | 410,625   |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)           | 1,630 | 1,784,850 |
| Verso Paper Holdings LLC:                         |       |           |
| 11.50%, 7/01/14                                   | 315   | 332,325   |
| Series B, 4.22%, 8/01/14 (e)                      | 485   | 397,700   |
|   |       | <hr/>     |
|   |       | 4,085,029 |

**Pharmaceuticals 0.4%**

|   |     |         |
|---|-----|---------|
| Angiotech Pharmaceuticals, Inc., 4.29%,<br>12/01/13 (e) | 955 | 771,163 |
|---|-----|---------|

**Real Estate Investment Trusts (REITs) 0.3%**

|   |     |         |
|---|-----|---------|
| Omega Healthcare Investors, Inc., 7.50%,<br>2/15/20 (b) | 530 | 552,525 |
|---|-----|---------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)  
(Percentages shown are based on Net Assets)

| Corporate Bonds                                  | Par<br>(000) | Value       |
|--|--------------|-------------|
| <b>Specialty Retail 0.4%</b>                     |              |             |
| United Auto Group, Inc., 7.75%, 12/15/16         | \$ 845       | \$ 806,975  |
| <b>Textiles, Apparel &amp; Luxury Goods 0.5%</b> |              |             |
| Phillips-Van Heusen Corp.:                       |              |             |
| 7.38%, 5/15/20                                   | 485          | 499,550     |
| 7.75%, 11/15/23                                  | 215          | 233,952     |
| Quiksilver, Inc., 6.88%, 4/15/15                 | 525          | 485,625     |
|  |              | 1,219,127   |
| <b>Wireless Telecommunication Services 3.4%</b>  |              |             |
| Cricket Communications, Inc.:                    |              |             |
| 10.00%, 7/15/15                                  | 140          | 146,650     |
| 7.75%, 5/15/16                                   | 1,770        | 1,827,525   |
| Digicel Group Ltd., 12.00%, 4/01/14 (b)          | 800          | 914,000     |
| MetroPCS Wireless, Inc.:                         |              |             |
| 9.25%, 11/01/14                                  | 2,000        | 2,080,000   |
| 9.25%, 11/01/14                                  | 10           | 10,400      |
| Nextel Communications, Inc.:                     |              |             |
| Series E, 6.88%, 10/31/13                        | 1,340        | 1,336,650   |
| Series F, 5.95%, 3/15/14                         | 100          | 96,625      |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)  | 395          | 375,250     |
| Sprint Capital Corp.:                            |              |             |
| 7.63%, 1/30/11                                   | 220          | 223,850     |
| 8.38%, 3/15/12                                   | 325          | 343,687     |
| 6.88%, 11/15/28                                  | 370          | 308,950     |
|  |              | 7,663,587   |
| <b>Total Corporate Bonds 54.7%</b>               |              | 123,609,311 |

## Floating Rate Loan Interests (e)

|  |     |           |
|--|-----|-----------|
| <b>Aerospace &amp; Defense 0.7%</b>              |     |           |
| Hawker Beechcraft Acquisition Co., LLC:          |     |           |
| Letter of Credit Linked Deposit, 0.43%, 3/26/14  | 52  | 41,029    |
| Term Loan, 2.26%, 3/26/14                        | 866 | 689,965   |
| TASC, Inc., Tranche B Term Loan, 5.75%, 12/18/15 | 875 | 877,187   |
|  |     | 1,608,181 |

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|   |                      |              |
|---|----------------------|--------------|
| <b>Airlines 0.5%</b>  |                      |              |
| Delta Air Lines, Inc., Credit-Linked Deposit Loan,<br>0.11% 2.28%, 4/30/12                | 1,213                | 1,159,453    |
| <b>Auto Components 3.6%</b>   |                      |              |
| Affinion Group Holdings, Inc., Loan, 8.51%,<br>3/01/12 (f)                                | 1,543                | 1,481,063    |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%,<br>10/09/16                             | 748                  | 719,756      |
| Allison Transmission, Inc., Term Loan, 3.04%,<br>8/07/14                                  | 5,421                | 4,995,521    |
| Dana Holding Corp., Term Advance, 4.52% 6.50%,<br>1/30/15                                 | 592                  | 580,817      |
| The Goodyear Tire & Rubber Co., Loan (Second Lien),<br>2.24%, 4/30/14                     | 300                  | 277,734      |
|   |                      | 8,054,891    |
| <b>Automobiles 0.7%</b>   |                      |              |
| Ford Motor Co.:   |                      |              |
| Tranche B-1 Term Loan, 3.03%, 12/15/13  | 1,548                | 1,489,061    |
| Tranche B-2 Term Loan, 3.03%, 12/15/13  | 170                  | 162,994      |
|   |                      | 1,652,055    |
| <b>Beverages 0.6%</b>   |                      |              |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16                                      | 1,443                | 1,444,603    |
| <b>Floating Rate Loan Interests (e)</b>   |                      |              |
|   | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>Building Products 0.9%</b>   |                      |              |
| Building Materials Corp. of America, Term Loan<br>Advance, 3.06%, 2/22/14                 | \$ 415               | \$ 407,498   |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14   | 1,523                | 1,528,082    |
|   |                      | 1,935,580    |
| <b>Capital Markets 0.2%</b>   |                      |              |
| Nuveen Investments, Inc., Term Loan (First Lien),<br>3.48% 3.53%, 11/13/14                | 625                  | 551,758      |
| <b>Chemicals 3.3%</b>   |                      |              |
| CF Industries, Inc., Term Loan B-1, 4.50%, 4/05/15  | 796                  | 799,522      |
| Chemtura Corp.:   |                      |              |
| Debtor in Possession Term Facility, 6.00%,<br>2/11/11                                     | 800                  | 798,000      |
| Exit Term Loan, 5.50%, 8/16/16  | 800                  | 803,334      |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%,<br>10/29/14                              | 362                  | 362,077      |
| Nalco Co., Term Loan, 6.50%, 5/13/16  | 1,015                | 1,018,132    |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan<br>(First Lien), 3.52% 3.73%, 7/30/14 | 2,166                | 1,980,629    |
| Rockwood Specialties Group, Inc., Term Loan H,<br>6.00%, 5/15/14                          | 736                  | 735,226      |
| Solutia, Inc., Term Loan, 4.75%, 3/17/17  | 997                  | 996,396      |
|   |                      | 7,493,316    |



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**Commercial Banks 0.5%**

|  |       |           |
|--|-------|-----------|
| CIT Group, Inc., Term Loan, 6.25%, 1/20/12 | 1,025 | 1,021,659 |
|--|-------|-----------|

**Commercial Services & Supplies 3.8%**

|  |       |           |
|--|-------|-----------|
| <b>ARAMARK Corp.:</b>  |       |           |
| Letter of Credit-1 Facility, 0.11%, 1/26/14                              | 33    | 31,209    |
| Letter of Credit-2 Facility, 0.11%, 7/26/16                              | 41    | 40,039    |
| U.S. Term Loan, 2.41%, 1/26/14   | 457   | 431,557   |
| U.S. Term Loan B, 3.78%, 7/26/16   | 628   | 608,813   |
| AWAS Finance Luxembourg Sarl, Term Loan, 7.75%, 6/10/16                  | 1,125 | 1,131,562 |
| Altegrity, Inc., Incremental Term Loan, 7.75%, 2/21/15                   | 1,500 | 1,494,375 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14                 | 218   | 218,889   |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16                        | 1,075 | 1,080,823 |
| International Lease Finance Corp., Term Loan 1, 6.75%, 3/17/15           | 1,500 | 1,511,876 |
| Quad Graphics, Term Loan, 5.50%, 4/20/16                                 | 500   | 477,000   |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27% 2.28%, 4/02/14 | 422   | 356,370   |
| West Corp., Incremental Term Loan B-3, 7.25%, 10/24/13                   | 1,093 | 1,089,582 |
|  |       | 8,472,095 |

**Construction & Engineering 0.9%**

|  |       |           |
|--|-------|-----------|
| <b>Brand Energy &amp; Infrastructure Services, Inc. (FR Brand Acquisition Corp.), Synthetic Letter of Credit, Term Loan (First Lien), 0.56%, 2/07/14</b> |       |           |
|  | 500   | 455,625   |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17  | 1,500 | 1,500,000 |
|  |       | 1,955,625 |

**Construction Materials 0.2%**

|  |     |         |
|--|-----|---------|
| Fairmount Minerals Ltd., Term Loan B, 6.25%, 8/05/16 | 350 | 350,146 |
|--|-----|---------|

**Consumer Finance 1.1%**

|   |       |           |
|---|-------|-----------|
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15 | 2,500 | 2,470,312 |
|---|-------|-----------|

**Containers & Packaging 0.4%**

|  |     |         |
|--|-----|---------|
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | 149 | 147,261 |
| BWAY Holding Co., Term Loan B, 5.50% 6.00%, 6/16/17                  | 197 | 196,326 |
| Berry Plastics Holding Corp., Term Loan C, 2.32% 2.38%, 4/03/15      | 496 | 452,306 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (e)   | Par<br>(000) | Value            |
|--|--------------|------------------|
| <b>Containers &amp; Packaging (concluded)</b>  |              |                  |
| ICL Industrial Containers ULC/ICL Contenants<br>Industriels ULC (FKA BWAY Corp.), Term Loan C,<br>5.50% 6.00%, 6/16/17 | \$ 18        | \$ 18,417        |
|  |              | <u>814,310</u>   |
| <b>Diversified Consumer Services 2.6%</b>  |              |                  |
| Coinmach Service Corp., Term Loan, 3.35%,<br>11/14/14  | 1,955        | 1,704,417        |
| Laureate Education, Series A New Term Loan, 7.00%,<br>8/15/14  | 2,945        | 2,895,832        |
| ServiceMaster Co.:   |              |                  |
| Closing Date Loan, 2.77% 3.04%, 7/24/14  | 1,200        | 1,103,366        |
| Delayed Draw Term Loan, 2.77%, 7/24/14   | 120          | 109,879          |
|  |              | <u>5,813,494</u> |
| <b>Diversified Financial Services 0.8%</b>   |              |                  |
| Reynolds Group Holdings, Inc.:   |              |                  |
| Incremental US Term Loan, 6.25%, 5/05/16   | 800          | 794,334          |
| US Term Loan, 6.25%, 5/05/16   | 894          | 889,679          |
|  |              | <u>1,684,013</u> |
| <b>Diversified Telecommunication Services 2.0%</b>   |              |                  |
| Cincinnati Bell, Inc., Tranche B Term Loan, 6.50%,<br>6/11/17  | 1,022        | 1,014,769        |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%,<br>4/15/15   | 925          | 922,687          |
| Level 3 Communications, Incremental Term Loan,<br>2.53% 2.78%, 3/13/14   | 2,225        | 1,993,113        |
| Wind Telecomunicazioni SpA:  |              |                  |
| Term Loan Facility B2, 4.66%, 5/26/14  | 300          | 291,187          |
| Term Loan Facility C2, 3.66%, 5/24/13  | 300          | 291,188          |
|  |              | <u>4,512,944</u> |
| <b>Electric Utilities 0.8%</b>   |              |                  |
| New Development Holdings LLC,<br>Term Loan, 7.00%, 7/03/17   | 1,750        | 1,767,500        |
| <b>Electrical Equipment 0.3%</b>   |              |                  |
| Baldor Electric Co., Term Loan, 5.25% 5.50%,<br>1/31/14  | 585          | 584,773          |

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**Electronic Equipment, Instruments & Components 0.8%**

|   |       |           |
|---|-------|-----------|
| CDW LLC (FKA CDW Corp.), Term Loan, 4.28%, 10/10/14 | 1,212 | 1,085,335 |
| Styron Sarl, Term Loan, 7.50%, 6/17/16              | 800   | 806,248   |
|   |       | 1,891,583 |

**Energy Equipment & Services 0.4%**

|   |     |         |
|---|-----|---------|
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | 967 | 964,650 |
|---|-----|---------|

**Food & Staples Retailing 0.8%**

|   |       |           |
|---|-------|-----------|
| Pierre Foods, Term Loan, 7.00%, 3/03/16                               | 674   | 671,957   |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | 1,078 | 1,079,742 |
|   |       | 1,751,699 |

**Food Products 1.7%**

|   |       |           |
|---|-------|-----------|
| Dole Food Co., Inc., Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17                    | 437   | 437,396   |
| Michael Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 6.25%, 6/29/16 | 500   | 500,357   |
| Pilgrim s Pride Corp., Term Loan A, 5.53%, 12/01/12                                 | 725   | 717,750   |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14                     | 1,096 | 1,097,370 |
| Solvest, Ltd. (Dole), Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17                   | 1,081 | 1,083,316 |
|   |       | 3,836,189 |

| Floating Rate Loan Interests (e) | Par<br>(000) | Value |
|----------------------------------|--------------|-------|
|----------------------------------|--------------|-------|

**Health Care Equipment & Supplies 0.4%**

|  |        |            |
|--|--------|------------|
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | \$ 878 | \$ 833,117 |
|--|--------|------------|

**Health Care Providers & Services 4.9%**

|   |       |           |
|---|-------|-----------|
| CHS/Community Health Systems, Inc.:   |       |           |
| Delayed Draw Term Loan, 2.55%, 7/25/14  | 122   | 115,481   |
| Term Loan Facility, 2.55%, 7/25/14  | 2,346 | 2,212,287 |
| DaVita, Inc., Tranche B-1 Term Loan, 1.77% 2.04%, 10/05/12                    |       |           |
|   | 300   | 295,374   |
| Gentiva Health Services, Inc., Term Loan B, 6.75%, 8/12/16                    |       |           |
|   | 600   | 592,125   |
| HCA, Inc.:  |       |           |
| Tranche A-1 Term Loan, 2.03%, 11/16/12  | 2,495 | 2,400,150 |
| Tranche B-1 Term Loan, 2.78%, 11/18/13  | 125   | 120,312   |
| Harden Healthcare LLC:  |       |           |
| Add-on Term Loan, 8.50%, 2/22/15  | 396   | 388,436   |
| Tranche A Term Loan, 7.75%, 3/02/15   | 1,400 | 1,372,000 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16 |       |           |
|   | 2,000 | 1,996,250 |

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|  |     |            |
|--|-----|------------|
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 6.00%, 6/03/16                                    | 600 | 600,000    |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 967 | 955,875    |
|  |     | 11,048,290 |

**Health Care Technology 0.6%**

|   |       |           |
|---|-------|-----------|
| IMS Health Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | 1,454 | 1,457,111 |
|---|-------|-----------|

**Hotels, Restaurants & Leisure 3.1%**

|   |       |           |
|---|-------|-----------|
| Harrah's Operating Co., Inc.:   |       |           |
| Term Loan B-3, 3.50% - 3.53%, 1/28/15   | 976   | 834,364   |
| Term Loan B-4, 9.50%, 10/31/16  | 1,244 | 1,269,316 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 6.00%, 6/30/16 | 1,838 | 1,817,057 |
| Universal City Development Partners Ltd., Loan, 7.75%, 11/06/14               | 1,244 | 1,249,969 |
| VML US Finance LLC (FKA Venetian Macau):                                      |       |           |
| Term B Delayed Draw Project Loan, 5.04%, 5/25/12                              | 546   | 536,546   |
| Term B Funded Project Loan, 5.04%, 5/27/13                                    | 1,415 | 1,386,668 |
|   |       | 7,093,920 |

**IT Services 3.6%**

|   |       |           |
|---|-------|-----------|
| Audio Visual Services Group, Inc., Tranche B Term Loan (First Lien), 2.79%, 2/28/14 (f) | 990   | 732,468   |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14   | 1,470 | 1,307,975 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16  | 675   | 659,813   |
| First Data Corp.:   |       |           |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14   | 175   | 149,384   |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14   | 1,449 | 1,235,373 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14   | 1,073 | 914,979   |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Incremental Term Loan, 6.75%, 2/28/14 | 853   | 851,796   |
| TransUnion LLC, Term Loan, 6.75%, 6/15/17   | 2,250 | 2,270,392 |
|   |       | 8,122,180 |

**Independent Power Producers & Energy Traders 0.3%**

|  |     |         |
|--|-----|---------|
| Dynegy Holdings, Inc.:                                 |     |         |
| Term Letter of Credit Facility, 4.02%, 4/02/13         | 192 | 189,027 |
| Tranche B Term Loan, 4.02%, 4/02/13                    | 15  | 15,139  |
| Texas Competitive Electric Holdings Co., LLC (TXU):    |     |         |
| Initial Tranche B-2 Term Loan, 3.79% - 4.07%, 10/10/14 | 481 | 364,674 |
| Initial Tranche B-3 Term Loan, 3.79% - 4.03%, 10/10/14 | 226 | 170,298 |
|  |     | 739,138 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (e)  | Par<br>(000) | Value          |
|---|--------------|----------------|
| <b>Industrial Conglomerates 0.2%</b>  |              |                |
| Sequa Corp., Term Loan, 3.79%, 12/03/14   | \$ 475       | \$ 437,000     |
| <b>Insurance 0.1%</b>   |              |                |
| Alliant Holdings I, Inc., Term Loan, 3.53%, 8/21/14   | 139          | 132,262        |
| <b>Internet &amp; Catalog Retail 0.3%</b>   |              |                |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14  | 573          | 573,173        |
| <b>Leisure Equipment &amp; Products 0.1%</b>  |              |                |
| Fender Musical Instruments Corp.:   |              |                |
| Delayed Draw Loan, 2.55%, 6/09/14   | 109          | 90,666         |
| Initial Loan, 2.79%, 6/09/14  | 215          | 179,482        |
|   |              | <u>270,148</u> |
| <b>Machinery 0.3%</b>   |              |                |
| Oshkosh Truck Corp., Term Loan B, 6.44% 6.54%,<br>12/06/13  | 661          | 664,534        |
| <b>Media 9.6%</b>   |              |                |
| Cengage Learning Acquisitions, Inc. (Thomson<br>Learning), Tranche 1 Incremental Term Loan,<br>7.50%, 7/03/14 | 3,435        | 3,423,727      |
| Charter Communications Operating, LLC:  |              |                |
| New Term Loan, 2.26%, 3/06/14   | 273          | 258,179        |
| Term Loan B1, 7.25%, 3/06/14  | 873          | 892,087        |
| Term Loan C, 3.79%, 9/06/16   | 3,093        | 2,958,615      |
| Ellis Communications KDOC, LLC, Loan, 10.00%,<br>12/30/11   | 3,879        | 1,454,482      |
| HMH Publishing Co., Ltd., Tranche A Term Loan,<br>5.79%, 6/12/14 (f)  | 1,888        | 1,718,697      |
| Hanley-Wood, LLC, Term Loan, 2.56% 2.63%,<br>3/10/14  | 975          | 421,687        |
| Interactive Data Corp., Term Loan, 6.75%, 1/29/17   | 700          | 704,083        |
| Mediacom Illinois, LLC (FKA Mediacom<br>Communications, LLC), Tranche D Term Loan,<br>5.50%, 3/31/17          | 496          | 486,164        |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%,<br>8/01/13  | 3,250        | 3,449,062      |
| Penton Media, Inc., Term Loan (First Lien), 5.00%,<br>8/01/14 (f)   | 728          | 502,507        |
| Sinclair Television Group, Inc., New Tranche B Loan,<br>5.50% 6.25%, 10/29/15                                 | 1,011        | 1,011,982      |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment),<br>Term Facility, 5.68%, 6/01/12                           | 970          | 904,682        |

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|  |       |            |
|--|-------|------------|
| TWCC Holdings Corp., Replacement Term Loan,<br>5.00%, 9/14/15        | 1,040 | 1,039,071  |
| UPC Financing Partnership, Facility Term Loan,<br>4.25%, 12/30/16    | 1,750 | 1,680,000  |
| Yell Group Plc Facility A3-Yell Finance (UK) Ltd.,<br>2.60%, 8/09/11 | 703   | 678,516    |
|  |       | 21,583,541 |

**Metals & Mining 0.7%**

|   |     |           |
|---|-----|-----------|
| Euramax International, Inc., Domestic Term Loan:<br>10.00%, 6/29/13 | 858 | 797,682   |
| 13.00%, 6/29/13 (f)   | 896 | 832,873   |
|   |     | 1,630,555 |

**Multi-Utilities 0.2%**

|  |     |         |
|--|-----|---------|
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.):<br>Synthetic Letter of Credit, 0.41%, 11/01/13 | 7   | 6,669   |
| Term B Advance (First Lien), 3.06%, 11/01/13   | 428 | 396,712 |
|  |     | 403,381 |

| Floating Rate Loan Interests (e) | Par<br>(000) | Value |
|----------------------------------|--------------|-------|
|----------------------------------|--------------|-------|

**Multiline Retail 0.6%**

|  |        |            |
|--|--------|------------|
| Dollar General Corp., Tranche B-2 Term Loan,<br>3.01% 3.03%, 7/07/14 | \$ 983 | \$ 945,881 |
| The Neiman Marcus Group, Inc., Term Loan,<br>2.30%, 4/06/13          | 507    | 480,151    |
|  |        | 1,426,032  |

**Oil, Gas & Consumable Fuels 1.0%**

|   |       |           |
|---|-------|-----------|
| Big West Oil, LLC, Term Loan, 12.00%, 7/23/15                   | 750   | 759,062   |
| Tronox Worldwide LLC:<br>Tranche B-1 Term Loan, 11.25%, 9/20/10 | 1,182 | 1,191,960 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10                          | 318   | 320,228   |
|   |       | 2,271,250 |

**Personal Products 0.0%**

|   |    |        |
|---|----|--------|
| American Safety Razor Co., LLC, Term Loan<br>(First Lien), 8.75%, 7/31/13 (f) | 81 | 74,352 |
|---|----|--------|

**Pharmaceuticals 0.7%**

|  |     |           |
|--|-----|-----------|
| Warner Chilcott Co., LLC, Term Loan A, 6.00%,<br>10/30/14        | 382 | 381,432   |
| Warner Chilcott Corp.:<br>Additional Term Loan B, 6.25%, 4/30/15 | 360 | 359,650   |
| Term Loan B-1, 6.25%, 4/30/15                                    | 149 | 148,410   |
| Term Loan B-2, 6.25%, 4/30/15                                    | 246 | 245,418   |
| Term Loan B-3, 6.50%, 2/20/16                                    | 385 | 386,364   |
| Term Loan B-4, 6.50%, 2/20/16                                    | 125 | 125,365   |
|  |     | 1,646,639 |

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|   |       |             |
|---|-------|-------------|
| <b>Professional Services 0.4%</b>   |       |             |
| Booz Allen Hamilton, Inc., Tranche C Term Loan, 6.00%, 7/31/15                    | 995   | 994,751     |
| <b>Real Estate Management &amp; Development 0.7%</b>                              |       |             |
| Realogy Corp., Synthetic Letter of Credit, 0.11%, 10/10/13                        | 1,853 | 1,598,751   |
| <b>Semiconductors &amp; Semiconductor Equipment 0.2%</b>                          |       |             |
| Freescale Semiconductor, Inc., Extended Maturity Term Loan, 4.56%, 12/01/16       | 390   | 348,745     |
| <b>Software 0.2%</b>  |       |             |
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16                           | 549   | 548,168     |
| <b>Specialty Retail 1.2%</b>  |       |             |
| Burlington Coat Factory Warehouse Corp., Term Loan, 2.54% 2.66%, 5/28/13          | 355   | 336,274     |
| Michaels Stores, Inc.:  |       |             |
| Term Loan B-1, 2.63% 2.81%, 10/31/13  | 733   | 691,584     |
| Term Loan B-2, 4.88% 5.06%, 7/31/16   | 798   | 769,875     |
| Toys R Us, Inc., Term Loan B, 6.00%, 8/17/16                                      | 1,000 | 997,494     |
|   |       | 2,795,227   |
| <b>Textiles, Apparel &amp; Luxury Goods 0.3%</b>                                  |       |             |
| Phillips Van Heusen Corp., U.S. Tranche B Term Loan, 4.75%, 5/06/16               | 748   | 751,718     |
| <b>Wireless Telecommunication Services 2.6%</b>                                   |       |             |
| Cavtel Holdings, LLC, Term Loan, 10.50%, 12/31/12 (f)                             | 401   | 378,664     |
| Digicel International Finance Ltd., U.S. Term Loan (Non-Rollover), 3.06%, 3/30/12 | 2,352 | 2,295,875   |
| MetroPCS Wireless, Inc.:  |       |             |
| Tranche B-1 Term Loan, 2.56%, 11/03/13  | 42    | 40,529      |
| Tranche B-2 Term Loan, 3.81%, 11/03/16  | 454   | 445,710     |
| Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15                    | 2,750 | 2,750,000   |
|   |       | 5,910,778   |
| <b>Total Floating Rate Loan Interests 59.9%</b>                                   |       | 135,145,590 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)  
(Percentages shown are based on Net Assets)

| Other Interests (i)   | Beneficial<br>Interest<br>(000) | Value       |
|---|---------------------------------|-------------|
| <b>Auto Components 0.0%</b>                                       |                                 |             |
| Intermet Liquidating Trust  | \$ 321                          | \$ 96       |
| <b>Diversified Financial Services 0.4%</b>                        |                                 |             |
| J.G. Wentworth LLC Preferred Equity Interests (j)                 |                                 | (k) 951,244 |
| <b>Media 0.0%</b>   |                                 |             |
| Adelphia Preferred Escrow   | 3                               |             |
| Adelphia Recovery Trust   | 250                             | 25          |
|   |                                 | 25          |
| <b>Metals &amp; Mining 0.3%</b>                                   |                                 |             |
| RathGibson Acquisition Co., LLC (j)                               | 137                             | 729,063     |
| <b>Total Other Interests 0.7%</b>                                 |                                 | 1,680,428   |
| <b>Warrants (l)</b>   |                                 |             |
| <b>Media 0.0%</b>   |                                 |             |
| Charter Communications, Inc. (Expires 11/30/14)                   | 6,862                           | 37,741      |
| <b>Total Warrants 0.0%</b>  |                                 | 37,741      |
| <b>Total Long-Term Investments</b><br>(Cost \$286,008,061) 116.9% |                                 | 264,109,957 |
| <b>Short-Term Securities</b>                                      |                                 |             |
| Bank of New York Cash Reserves, 0.01% (m)                         | \$ 1,257                        | 1,257,197   |
| <b>Total Short-Term Securities</b><br>(Cost \$1,257,197) 0.6%     |                                 | 1,257,197   |
| <b>Total Investments (Cost \$287,265,258*) 117.5%</b>             |                                 | 265,367,154 |

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|  |                |                       |
|--|----------------|-----------------------|
| <b>Liabilities in Excess of Other Assets</b> | <b>(17.5)%</b> | (39,482,031)          |
| <b>Net Assets</b>                            | <b>100.0%</b>  | <b>\$ 225,885,123</b> |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 286,641,288  |
| Gross unrealized appreciation | \$ 8,966,866    |
| Gross unrealized depreciation | (30,241,000)    |
| Net unrealized depreciation   | \$ (21,274,134) |

- (a) Non-income producing security.
- (b) 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.
- (c) Issuer filed for bankruptcy and/or is in default of interest payments.
- (d) As a result of bankruptcy proceedings, the company did not repay the principal amount or accrued interest of the security upon maturity.
- (e) Variable rate security. Rate shown is as of report date.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (g) Convertible security.
- (h) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (j) The investment is held by a wholly-owned taxable subsidiary of the Fund. (k) Amount is less than \$1,000.
- (l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (m) Represents the current yield as of report date.

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

| Affiliate  | Shares Held at<br>February 28,<br>2010 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income   |
|--|--|-----------------|--------------------------------------|----------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 1,938,484                              | (1,938,484)     |                                      | \$ 2,481 |

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|--------------------|---------------|--------------|-----------------|-------------------------|
| USD 1,218,745      | CAD 1,260,500 | Citibank NA  | 10/20/10        | \$ 37,624               |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                         | Pay Fixed Rate | Counterparty           | Expiration     | Notional Amount (000) | Unrealized Appreciation |
|--------------------------------|----------------|------------------------|----------------|-----------------------|-------------------------|
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs Bank USA | December 2011  | \$ 460                | \$ 27,354               |
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs Bank USA | September 2013 | \$ 200                | 16,953                  |
| <b>Total</b>                   |                |                        |                |                       | \$ 44,307               |

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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 or liabilities 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 circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivatives)

The inputs or methodologies 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.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

## BlackRock Senior High Income Fund, Inc. (ARK)

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs             | Level 1             | Level 2               | Level 3              | Total                 |
|------------------------------|---------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                     |                       |                      |                       |
| Investments in Securities:   |                     |                       |                      |                       |
| Long-Term Investments:       |                     |                       |                      |                       |
| Common Stocks                | \$ 1,742,075        | \$ 1,455,720          | \$ 439,092           | \$ 3,636,887          |
| Corporate Bonds              |                     | 117,053,310           | 6,556,001            | 123,609,311           |
| Floating Rate Loan Interests |                     | 111,466,918           | 23,678,672           | 135,145,590           |
| Other Interests              |                     |                       | 1,680,428            | 1,680,428             |
| Warrants                     | 37,741              |                       |                      | 37,741                |
| Short-Term Securities        |                     | 1,257,197             |                      | 1,257,197             |
| <b>Liabilities:</b>          |                     |                       |                      |                       |
| Unfunded Loan Commitments    |                     |                       | (21,065)             | (21,065)              |
| <b>Total</b>                 | <b>\$ 1,779,816</b> | <b>\$ 231,233,145</b> | <b>\$ 32,333,128</b> | <b>\$ 265,346,089</b> |

| Derivative Financial Instruments <sup>1</sup> |         |                  |         |                  |
|---|---------|------------------|---------|------------------|
| Valuation Inputs                              | Level 1 | Level 2          | Level 3 | Total            |
| <b>Assets:</b>                                |         |                  |         |                  |
| Credit contracts                              |         | \$ 44,307        |         | \$ 44,307        |
| Foreign currency exchange contracts           |         | 37,624           |         | 37,624           |
| <b>Total</b>                                  |         | <b>\$ 81,931</b> |         | <b>\$ 81,931</b> |

<sup>1</sup> Derivative financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|                                  | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Unfunded Loan Commitments | Total         |
|----------------------------------|---------------|-----------------|------------------------------|-----------------|---------------------------|---------------|
| <b>Assets/Liabilities:</b>       |               |                 |                              |                 |                           |               |
| Balance, as of February 28, 2010 | \$ 179,112    | \$ 8,012,790    | \$ 17,012,972                | \$ 1,066,529    |                           | \$ 26,271,403 |
| Accrued discounts/premiums       |               | 76,793          | 67,437                       |                 |                           | 144,230       |

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|   |                   |                     |                      |                     |                    |                      |
|---|-------------------|---------------------|----------------------|---------------------|--------------------|----------------------|
| Net realized gain (loss)  |                   | 978                 | (144,168)            | 140,206             |                    | (2,984)              |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 291,009           | (656,826)           | 1,002,706            | (55,075)            | \$ (21,065)        | 560,749              |
| Purchases   |                   | 40,983              | 4,032,676            |                     |                    | 4,073,659            |
| Sales   |                   | (918,717)           | (8,741,584)          | (200,295)           |                    | (9,860,596)          |
| Transfers in <sup>3</sup>                                       | 384,143           |                     | 12,515,127           | 729,063             |                    | 13,628,333           |
| Transfers out <sup>3</sup>                                      | (415,172)         |                     | (2,066,494)          |                     |                    | (2,481,666)          |
| <b>Balance, as of August 31, 2010</b>                           | <b>\$ 439,092</b> | <b>\$ 6,556,001</b> | <b>\$ 23,678,672</b> | <b>\$ 1,680,428</b> | <b>\$ (21,065)</b> | <b>\$ 32,333,128</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$(200,839).

<sup>3</sup> The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

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## Statements of Assets and Liabilities

| August 31, 2010 (Unaudited)                                    | BlackRock<br>Corporate<br>High Yield<br>Fund, Inc.<br>(COY) | BlackRock<br>Corporate<br>High Yield<br>Fund III, Inc.<br>(CYE) | BlackRock<br>Debt Strategies<br>Fund, Inc.<br>(DSU) | BlackRock<br>Floating<br>Rate Income<br>Strategies<br>Fund II, Inc.<br>(FRB) | BlackRock<br>Senior High<br>Income<br>Fund, Inc.<br>(ARK) |
|--|---|---|---|--|---|
| <b>Assets</b>  |   |   |   |  |   |
| Investments at value unaffiliated                              | \$ 280,727,944  | \$ 316,071,672  | \$ 520,591,903                                      | \$ 170,165,651   | \$ 265,367,154  |
| Investments at value affiliated                                | 322,368   | 2,569,493   |   | 1,227,551  |   |
| Unrealized appreciation on swaps                               | 220,913   | 200,775   | 72,033  |  | 44,307  |
| Unrealized appreciation on foreign currency exchange contracts | 4,441   | 11,568  | 75,886  | 24,495   | 37,624  |
| Unrealized appreciation on unfunded loan commitments           |   |   |   | 3,402  |   |
| Foreign currency at value <sup>3</sup>                         | 3,919   | 31,364  | 5,267   | 52,181   | 298   |
| Cash   | 1,983,051   |   |   |  |   |
| Cash on deposit for financial futures contracts                | 700,000   | 730,000   |   |  |   |
| Interest receivable  | 5,215,987   | 5,713,643   | 6,444,882   | 1,449,301  | 3,098,007   |
| Investments sold receivable                                    | 1,566,211   | 1,694,528   | 8,973,940   | 4,988,501  | 3,221,960   |
| Swaps receivable   | 46,600  | 49,300  | 91,584  |  | 58,635  |
| Principal paydowns receivable                                  |   |   | 1,687,486   | 21,787   | 45,562  |
| Swap premium paid  | 412,021   | 224,500   | 96,183  |  | 553   |
| Dividends receivable   |   | 13,331  | 57,825  |  |   |
| Commitment fees receivable                                     |   |   | 6,041   | 2,286  | 2,990   |
| Dividends receivable affiliated                                |   |   | 477   |  | 536   |
| Prepaid expenses   | 18,345  | 19,510  | 35,515  | 11,127   | 18,293  |
| Other assets   | 123,061   | 134,832   | 1,863,165   | 104,659  | 749,553   |
| <b>Total assets</b>  | <b>291,344,861</b>  | <b>327,464,516</b>  | <b>540,002,187</b>                                  | <b>178,050,941</b>   | <b>272,645,472</b>  |
| <b>Liabilities</b>   |   |   |   |  |   |
| Loan payable   | 50,000,000  | 66,000,000  | 84,000,000  | 28,000,000   | 35,000,000  |
| Unrealized depreciation on swaps                               | 177,670   | 191,910   | 65,760  |  |   |
| Unrealized depreciation on foreign currency exchange contracts | 31,655  | 44,736  | 47,671  | 45,263   |   |
| Unrealized depreciation on unfunded loan commitments           | 21,252  | 47,602  | 52,865  | 54,339   | 21,065  |
| Cash held as collateral for swaps                              | 100,000   |   |   |  |   |
| Deferred income  |   |   | 87,260  | 85,072   | 35,935  |
| Investments purchased payable                                  | 2,615,318   | 2,819,567   | 23,418,982  | 9,806,337  | 11,376,646  |
| Swap premiums received   | 262,224   | 271,711   |   |  |   |
| Investment advisory fees payable                               | 121,007   | 162,340   | 261,246   | 106,599  | 109,616   |
| Interest expense payable                                       | 99,466  | 124,416   | 177,668   | 61,251   | 76,258  |
| Swaps payable  | 34,000  | 22,100  | 14,300  |  | 6,600   |
| Margin variation payable                                       | 20,800  | 21,600  |   |  |   |
| Commitment fees payable  | 1,659   | 518   |   |  |   |
| Other affiliates payable                                       | 928   | 1,024   | 1,636   | 529  | 831   |

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|                                     |                       |                       |                       |                       |                       |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Officers and Directors fees payable | 459                   | 497                   | 76,684                | 252                   | 400                   |
| Income dividends payable            |                       |                       | 214,964               |                       | 127,788               |
| Other accrued expenses payable      |                       | 1,456                 | 24,342                | 13,112                | 5,210                 |
| Other liabilities                   | 7,287                 |                       |                       | 37,722                |                       |
| <b>Total liabilities</b>            | <b>53,493,725</b>     | <b>69,709,477</b>     | <b>108,443,378</b>    | <b>38,210,476</b>     | <b>46,760,349</b>     |
| <b>Net Assets</b>                   | <b>\$ 237,851,136</b> | <b>\$ 257,755,039</b> | <b>\$ 431,558,809</b> | <b>\$ 139,840,465</b> | <b>\$ 225,885,123</b> |

**Net Assets Consist of**

|  |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Paid-in capital <sup>4</sup>   | \$ 381,872,533        | \$ 439,505,026        | \$ 882,654,653        | \$ 199,926,953        | \$ 401,932,057        |
| Undistributed (distributions in excess of) net investment income                           | 1,564,261             | 607,410               | (2,465,478)           | (745,306)             | 3,813,705             |
| Accumulated net realized loss  | (140,824,582)         | (177,042,955)         | (370,880,215)         | (52,717,235)          | (158,023,391)         |
| Net unrealized appreciation/depreciation   | (4,761,076)           | (5,314,442)           | (77,750,151)          | (6,623,947)           | (21,837,248)          |
| <b>Net Assets</b>  | <b>\$ 237,851,136</b> | <b>\$ 257,755,039</b> | <b>\$ 431,558,809</b> | <b>\$ 139,840,465</b> | <b>\$ 225,885,123</b> |
| <b>Net asset value</b>   | <b>\$ 6.85</b>        | <b>\$ 6.90</b>        | <b>\$ 4.00</b>        | <b>\$ 13.27</b>       | <b>\$ 3.99</b>        |
| <sup>1</sup> Investments at cost unaffiliated  | \$ 285,595,517        | \$ 321,427,214        | \$ 598,762,569        | \$ 176,715,022        | \$ 287,265,258        |
| <sup>2</sup> Investments at cost affiliated  | \$ 322,368            | \$ 2,569,493          |                       | \$ 1,227,551          |                       |
| <sup>3</sup> Foreign currency at cost  | \$ 3,942              | \$ 31,596             | \$ 4,860              | \$ 52,907             | \$ 308                |
| <sup>4</sup> Shares outstanding, 200 million shares authorized, par value \$0.10 per share | 34,740,689            | 37,345,262            | 107,772,006           | 10,540,570            | 56,606,319            |

See Notes to Financial Statements.

## Statements of Operations

| Six Months Ended August 31, 2010 (Unaudited) | BlackRock<br>Corporate<br>High Yield<br>Fund, Inc.<br>(COY) | BlackRock<br>Corporate<br>High Yield<br>Fund III, Inc.<br>(CYE) | BlackRock<br>Debt Strategies<br>Fund, Inc.<br>(DSU) | BlackRock<br>Floating<br>Rate Income<br>Strategies<br>Fund II, Inc.<br>(FRB) | BlackRock<br>Senior High<br>Income<br>Fund, Inc.<br>(ARK) |
|--|---|---|---|--|---|
| <b>Investment Income</b>                     |   |   |   |  |   |
| Interest                                     | \$ 12,839,324   | \$ 13,730,978   | \$ 20,235,546                                       | \$ 5,603,307   | \$ 10,051,635   |
| Facility and other fees                      | 66,560  | 85,982  | 493,723   | 164,055  | 261,660   |
| Dividends                                    | 61,537  | 144,039   |   |  |   |
| Dividends affiliated                         | 2,350   | 1,690   | 5,765   | 2,472  | 2,481   |
| Total income                                 | 12,969,771  | 13,962,689  | 20,735,034  | 5,769,834  | 10,315,776  |
| <b>Expenses</b>                              |   |   |   |  |   |
| Investment advisory                          | 741,764   | 978,541   | 1,541,366   | 628,550  | 659,185   |
| Borrowing costs <sup>1</sup>                 | 134,220   | 143,307   | 232,416   | 88,716   | 140,825   |
| Professional                                 | 56,180  | 50,219  | 114,878   | 64,537   | 74,059  |
| Custodian                                    | 12,695  | 25,349  | 30,401  | 31,326   | 15,166  |
| Printing                                     | 15,453  | 16,978  | 28,893  | 9,748  | 15,814  |
| Accounting services                          | 28,084  | 30,390  | 50,810  | 17,233   | 26,822  |
| Transfer agent                               | 21,731  | 20,573  | 50,524  | 17,337   | 28,526  |
| Officer and Directors                        | 11,732  | 12,795  | 22,819  | 7,010  | 11,690  |
| Registration                                 | 6,176   | 6,521   | 20,096  | 4,735  | 10,191  |
| Miscellaneous                                | 35,231  | 36,520  | 34,459  | 19,833   | 17,723  |
| Total expenses excluding interest expense    | 1,063,266   | 1,321,193   | 2,126,662   | 889,025  | 1,000,001   |
| Interest expense                             | 369,791   | 429,452   | 516,111   | 172,197  | 238,000   |
| Total expenses                               | 1,433,057   | 1,750,645   | 2,642,773   | 1,061,222  | 1,238,001   |
| Less fees waived by advisor                  | (1,102)   | (760)   | (1,186)   | (1,074)  | (1,087)   |
| Total expenses after fees waived             | 1,431,955   | 1,749,885   | 2,641,587   | 1,060,148  | 1,236,914   |
| Net investment income                        | 11,537,816  | 12,212,804  | 18,093,447  | 4,709,686  | 9,078,862   |
| <b>Realized and Unrealized Gain (Loss)</b>   |   |   |   |  |   |
| Net realized gain (loss) from:               |   |   |   |  |   |
| Investments                                  | 2,999,165   | 3,583,729   | (3,981,045)   | (576,853)  | (1,825,878)   |
| Financial futures contracts                  | 491,127   | 524,025   |   |  |   |
| Swaps  | (604,102)   | (248,804)   | 41,873  | 2,111  | 20,099  |
| Foreign currency transactions                | 2,719,547   | 2,789,331   | 3,201,987   | 888,279  | (19,045)  |



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|   |                      |                      |                      |                     |                      |
|---|----------------------|----------------------|----------------------|---------------------|----------------------|
|   | 5,605,737            | 6,648,281            | (737,185)            | 313,537             | (1,824,824)          |
| <b>Net change in unrealized appreciation/depreciation on:</b> |                      |                      |                      |                     |                      |
| Investments   | 1,397,957            | 1,344,908            | 15,644,633           | 1,490,889           | 5,632,315            |
| Financial futures contracts                                   | 108,779              | 113,832              |                      |                     |                      |
| Swaps   | 405,802              | 238,857              | 111,087              | (856)               | 44,805               |
| Foreign currency transactions                                 | (1,392,930)          | (1,473,543)          | (1,793,437)          | (613,192)           | 34,771               |
| Unfunded loan commitments                                     | 30,391               | 67,977               | (52,865)             | (16,912)            | (21,065)             |
|   | 549,999              | 292,031              | 13,909,418           | 859,929             | 5,690,826            |
| <b>Total realized and unrealized gain</b>                     | <b>6,155,736</b>     | <b>6,940,312</b>     | <b>13,172,233</b>    | <b>1,173,466</b>    | <b>3,866,002</b>     |
| <b>Net Increase in Net Assets Resulting from Operations</b>   | <b>\$ 17,693,552</b> | <b>\$ 19,153,116</b> | <b>\$ 31,265,680</b> | <b>\$ 5,883,152</b> | <b>\$ 12,944,864</b> |

<sup>1</sup> See Note 6 of the Notes to Financial Statements for details of borrowings.

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|  | BlackRock Corporate<br>High Yield Fund, Inc. (COY)       |                                       | BlackRock Corporate<br>High Yield Fund III, Inc. (CYE)   |                                       |
|--|--|---------------------------------------|--|---------------------------------------|
|  | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year<br>Ended<br>February 28,<br>2010 | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year<br>Ended<br>February 28,<br>2010 |
| <b>Increase (Decrease) in Net Assets:</b>                        |  |                                       |  |                                       |
| <b>Operations</b>  |  |                                       |  |                                       |
| Net investment income  | \$ 11,537,816  | \$ 22,380,112                         | \$ 12,212,804  | \$ 23,836,686                         |
| Net realized gain (loss)   | 5,605,737  | (18,246,371)                          | 6,648,281  | (16,068,173)                          |
| Net change in unrealized appreciation/depreciation               | 549,999  | 106,169,011                           | 292,031  | 115,769,455                           |
| Net increase in net assets resulting from operations             | 17,693,552   | 110,302,752                           | 19,153,116   | 123,537,968                           |
| <b>Dividends to Shareholders From</b>                            |  |                                       |  |                                       |
| Net investment income  | (10,622,990)   | (25,342,365)                          | (11,200,041)   | (25,189,541)                          |
| <b>Capital Share Transactions</b>                                |  |                                       |  |                                       |
| Reinvestment of dividends  | 188,036  | 832,119                               | 81,395   | 111,029                               |
| <b>Net Assets</b>  |  |                                       |  |                                       |
| Total increase in net assets                                     | 7,258,598  | 85,792,506                            | 8,034,470  | 98,459,456                            |
| Beginning of period  | 230,592,538  | 144,800,032                           | 249,720,569  | 151,261,113                           |
| End of period  | \$ 237,851,136   | \$ 230,592,538                        | \$ 257,755,039   | \$ 249,720,569                        |
| Undistributed (distributions in excess of) net investment income | \$ 1,564,261   | \$ 649,435                            | \$ 607,410   | \$ (405,353)                          |

See Notes to Financial Statements.

## Statements of Changes in Net Assets (continued)

|   | BlackRock Debt<br>Strategies Fund, Inc. (DSU)            |                                       | BlackRock Floating Rate Income<br>Strategies Fund II, Inc. (FRB) |                                       |
|---|--|---------------------------------------|--|---------------------------------------|
|   | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year<br>Ended<br>February 28,<br>2010 | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited)         | Year<br>Ended<br>February 28,<br>2010 |
| <b>Increase (Decrease) in Net Assets:</b>   |  |                                       |  |                                       |
| <b>Operations</b>   |  |                                       |  |                                       |
| Net investment income   | \$ 18,093,447  | \$ 42,389,165                         | \$ 4,709,686   | \$ 9,000,682                          |
| Net realized gain (loss)  | (737,185)  | (109,291,069)                         | 313,537  | (18,507,006)                          |
| Net change in unrealized appreciation/depreciation                                | 13,909,418   | 275,497,465                           | 859,929  | 65,070,894                            |
| Net increase in net assets resulting from operations                              | 31,265,680   | 208,595,561                           | 5,883,152  | 55,564,570                            |
| <b>Dividends and Distributions to Shareholders From</b>                           |  |                                       |  |                                       |
| Net investment income   | (19,393,663)   | (41,936,207)                          | (4,736,968)  | (10,283,447)                          |
| Tax return of capital   |  | (926,392)                             |  | (825,748)                             |
| Decrease in net assets resulting from dividends and distributions to shareholders | (19,393,663)   | (42,862,599)                          | (4,736,968)  | (11,109,195)                          |
| <b>Capital Share Transactions</b>   |  |                                       |  |                                       |
| Reinvestment of dividends   | 464,804  | 1,409,077                             | 323,597  | 259,478                               |
| <b>Net Assets</b>   |  |                                       |  |                                       |
| Total increase in net assets  | 12,336,821   | 167,142,039                           | 1,469,781  | 44,714,853                            |
| Beginning of period   | 419,221,988  | 252,079,949                           | 138,370,684  | 93,655,831                            |
| End of period   | \$ 431,558,809   | \$ 419,221,988                        | \$ 139,840,465   | \$ 138,370,684                        |
| Distributions in excess of net investment income                                  | \$ (2,465,478)   | \$ (1,165,262)                        | \$ (745,306)   | \$ (718,024)                          |

See Notes to Financial Statements.



## Statements of Changes in Net Assets (concluded)

|  | <b>BlackRock Senior High<br/>Income Fund, Inc. (ARK)</b>            |   |
|--|---|---|
|  | <b>Six Months<br/>Ended<br/>August 31,<br/>2010<br/>(Unaudited)</b> | <b>Year<br/>Ended<br/>February 28,<br/>2010</b> |
| <b>Increase (Decrease) in Net Assets:</b>            |   |   |
| <b>Operations</b>                                    |   |   |
| Net investment income                                | \$ 9,078,862  | \$ 20,424,882                                   |
| Net realized loss                                    | (1,824,824)   | (40,130,950)                                    |
| Net change in unrealized appreciation/depreciation   | 5,690,826   | 114,058,095                                     |
| Net increase in net assets resulting from operations | 12,944,864  | 94,352,027                                      |
| <b>Dividends to Shareholders From</b>                |   |   |
| Net investment income                                | (8,488,581)   | (16,952,851)                                    |
| <b>Capital Share Transactions</b>                    |   |   |
| Reinvestment of dividends                            | 255,895   | 130,893   |
| <b>Net Assets</b>                                    |   |   |
| Total increase in net assets                         | 4,712,178   | 77,530,069                                      |
| Beginning of period                                  | 221,172,945   | 143,642,876                                     |
| End of period  | \$ 225,885,123  | \$ 221,172,945                                  |
| Undistributed net investment income                  | \$ 3,813,705  | \$ 3,223,424                                    |

See Notes to Financial Statements.

## Statements of Cash Flows

| Six Months Ended August 31, 2010 (Unaudited)  | BlackRock<br>Corporate<br>High Yield<br>Fund, Inc.<br>(COY) | BlackRock<br>Corporate<br>High Yield<br>Fund III, Inc.<br>(CYE) | BlackRock<br>Debt<br>Strategies<br>Fund, Inc.<br>(DSU) | BlackRock<br>Floating<br>Rate Income<br>Strategies<br>Fund II, Inc.<br>(FRB) | BlackRock<br>Senior High<br>Income<br>Fund, Inc.<br>(ARK) |
|---|---|---|--|--|---|
| <b>Cash Provided by Operating Activities</b>  |   |   |  |  |   |
| Net increase in net assets resulting from operations  | \$ 17,693,552   | \$ 19,153,116   | \$ 31,265,680  | \$ 5,883,152   | \$ 12,944,864   |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: |   |   |  |  |   |
| (Increase) decrease in interest receivable  | 279,725   | (78,080)  | 223,299  | 168,191  | 79,630  |
| (Increase) decrease in cash pledged as collateral for financial futures contracts   | (700,000)   | (730,000)   |  |  |   |
| (Increase) decrease in swaps receivable   | 74,150  | 72,422  | (86,247)   | 7,389  | (45,562)  |
| (Increase) decrease in commitment fees receivable   |   | 31  | (6,041)  | (1,626)  | (2,990)   |
| Increase in dividends receivable - affiliated   |   |   | (477)  |  | (536)   |
| Decrease in dividends receivable  | 18,400  | 19,829  | 1,671  |  |   |
| (Increase) decrease in other assets   | (118,546)   | (130,317)   | (1,274,922)  | (104,659)  | (649,399)   |
| Increase (decrease) in other liabilities  | 1,659   | 518   | (204,300)  | 37,710   | (99,899)  |
| Increase in investment advisory fees payable  | 8,476   | 14,415  | 37,776   | 11,483   | 10,679  |
| Increase (decrease) in interest expense payable   | (15,739)  | (5,831)   | 49,996   | 6,944  | 37,554  |
| Increase in other affiliates payable  | 90  | 106   | 188  | 33   | 55  |
| Decrease in accrued expenses payable  | (77,969)  | (86,403)  | (119,661)  | (47,181)   | (123,214)   |
| Increase in margin variable payable   | 20,800  | 21,600  |  |  |   |
| Decrease in swaps payable   | (30,031)  | (11,126)  | (3,054)  |  | (1,032)   |
| Increase (decrease) in Officers and Directors payable   | (168)   | (324)   | 10,994   | (121)  | 129   |
| Net periodic and termination payments of swaps  | (117,179)   | 18,086  | 66,076   |  | 36,197  |
| Net realized and unrealized gain (loss)   | (2,627,764)   | (3,231,187)   | (7,898,021)  | 247,084  | (2,829,404)   |
| Amortization of premium and accretion of discount on investments  | (876,997)   | (799,723)   | (2,261,922)  | (676,292)  | (952,119)   |
| Paid-in-kind income   | (186,225)   | (410,022)   | (971,600)  | (146,304)  | (301,590)   |
| Proceeds from sales and paydowns of long-term investments   | 133,440,900   | 145,146,179   | 208,784,670  | 82,381,239   | 114,105,522   |
| Purchases of long-term investments  | (117,822,703)   | (138,138,738)   | (225,501,618)  | (88,207,789)   | (107,836,091)   |
| Net proceeds (purchases) from sales of short-term securities  | 4,609,306   | 707,262   | (854,785)  | 570,261  | 1,691,943   |
| Cash provided by operating activities   | 33,573,737  | 21,531,813  | 1,257,702  | 129,514  | 16,064,737  |
| <b>Cash Used for Financing Activities</b>   |   |   |  |  |   |
| Cash receipts from borrowings   | 53,000,000  | 62,000,000  | 167,000,000  | 60,000,000   | 79,000,000  |
| Cash payments from borrowings   | (75,000,000)  | (72,000,000)  | (150,000,000)  | (56,000,000)   | (87,000,000)  |
| Cash dividends paid to shareholders   | (10,622,990)  | (11,118,646)  | (18,713,895)   | (4,413,371)  | (8,064,898)   |
| Increase in custodian bank payable  |   | (1,393,499)   |  | 4,446  |   |
| Cash used for financing activities  | (32,622,990)  | (22,512,145)  | (1,713,895)  | (408,925)  | (16,064,898)  |
| <b>Cash Impact from Foreign Exchange Fluctuations</b>   |   |   |  |  |   |
| Cash impact from foreign exchange fluctuations  | (397)   | 734   | (99,076)   | 3,756  | (16)  |

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**Cash**

|  |              |           |           |           |        |
|--|--------------|-----------|-----------|-----------|--------|
| Net increase (decrease) in cash                  | 950,350      | (979,598) | (555,269) | (275,655) | (177)  |
| Cash and foreign currency at beginning of period | 1,036,620    | 1,010,962 | 560,536   | 327,836   | 475    |
| Cash and foreign currency at end of period       | \$ 1,986,970 | \$ 31,364 | \$ 5,267  | \$ 52,181 | \$ 298 |

**Cash Flow Information**

|                        |            |            |            |            |            |
|------------------------|------------|------------|------------|------------|------------|
| Cash paid for interest | \$ 385,530 | \$ 435,283 | \$ 466,115 | \$ 165,253 | \$ 200,446 |
|------------------------|------------|------------|------------|------------|------------|

**Noncash Financing Activities**

|   |            |           |            |            |            |
|---|------------|-----------|------------|------------|------------|
| Capital shares issued in reinvestment of dividends paid to shareholders | \$ 188,036 | \$ 81,395 | \$ 464,804 | \$ 323,597 | \$ 255,895 |
|---|------------|-----------|------------|------------|------------|

A Statement of Cash Flows is presented when a Fund has a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to average total assets.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock Corporate High Yield Fund, Inc. (COY)

|   | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year<br>Ended<br>February 28,<br>2010 | Period<br>June 1,<br>2008 to<br>February 28,<br>2009 | Year Ended May 31, |         |         |         |
|---|--|---------------------------------------|--|--------------------|---------|---------|---------|
|   |  |                                       |  | 2008               | 2007    | 2006    | 2005    |
| <b>Per Share Operating Performance</b>  |  |                                       |  |                    |         |         |         |
| Net asset value, beginning of period  | \$ 6.64  | \$ 4.19                               | \$ 7.74  | \$ 9.07            | \$ 8.52 | \$ 8.53 | \$ 8.48 |
| Net investment income <sup>1</sup>  | 0.33   | 0.65                                  | 0.50   | 0.75               | 0.73    | 0.74    | 0.87    |
| Net realized and unrealized gain (loss)   | 0.19   | 2.53                                  | (3.50)   | (1.32)             | 0.49    | 0.02    | 0.07    |
| Net increase (decrease) from investment operations                                  | 0.52   | 3.18                                  | (3.00)   | (0.57)             | 1.22    | 0.76    | 0.94    |
| Dividends from net investment income  | (0.31)   | (0.73)                                | (0.55)   | (0.76)             | (0.67)  | (0.77)  | (0.89)  |
| Net asset value, end of period  | \$ 6.85  | \$ 6.64                               | \$ 4.19  | \$ 7.74            | \$ 9.07 | \$ 8.52 | \$ 8.53 |
| Market price, end of period   | \$ 6.98  | \$ 6.88                               | \$ 3.91  | \$ 7.28            | \$ 8.47 | \$ 7.42 | \$ 8.46 |
| <b>Total Investment Return<sup>2</sup></b>  |  |                                       |  |                    |         |         |         |
| Based on net asset value  | 7.94% <sup>3</sup>                                       | 79.91%                                | (38.98)% <sup>3</sup>                                | (5.49)%            | 15.60%  | 9.75%   | 11.31%  |
| Based on market price   | 6.15% <sup>3</sup>                                       | 99.76%                                | (39.46)% <sup>3</sup>                                | (4.81)%            | 23.96%  | (3.63)% | 13.75%  |
| <b>Ratios to Average Net Assets</b>   |  |                                       |  |                    |         |         |         |
| Total expenses  | 1.20% <sup>4</sup>                                       | 1.18%                                 | 2.29% <sup>4</sup>                                   | 2.33%              | 3.25%   | 2.39%   | 1.69%   |
| Total expenses after fees waived and paid indirectly                                | 1.20% <sup>4</sup>                                       | 1.18%                                 | 2.29% <sup>4</sup>                                   | 2.33%              | 3.25%   | 2.39%   | 1.69%   |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.89% <sup>4</sup>                                       | 0.92%                                 | 1.17% <sup>4</sup>                                   | 0.83%              | 0.91%   | 0.90%   | 0.87%   |
| Net investment income   | 9.67% <sup>4</sup>                                       | 11.36%                                | 11.45% <sup>4</sup>                                  | 9.15%              | 8.36%   | 8.55%   | 9.85%   |



**Supplemental Data**

|  |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 237,851 | \$ 230,593 | \$ 144,800 | \$ 267,698 | \$ 313,821 | \$ 294,759 | \$ 294,218 |
| Borrowings outstanding, end of period (000)            | \$ 50,000  | \$ 72,000  | \$ 38,700  | \$ 64,700  | \$ 126,200 | \$ 127,700 | \$ 100,600 |
| Average borrowings outstanding during the period (000) | \$ 57,495  | \$ 42,184  | \$ 59,553  | \$ 81,598  | \$ 125,974 | \$ 101,539 | \$ 104,938 |
| Portfolio turnover                                     | 38%        | 85%        | 37%        | 38%        | 62%        | 57%        | 57%        |
| Asset coverage, end of period per \$1,000              | \$ 5,756   | \$ 4,203   | \$ 4,742   | \$ 5,138   | \$ 3,487   | \$ 3,308   | \$ 3,925   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

See Notes to Financial Statements.

## Financial Highlights

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

|   | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year<br>Ended<br>February 28,<br>2010 | Period<br>June 1,<br>2008 to<br>February 28,<br>2009 | Year Ended May 31, |         |         |         |
|---|--|---------------------------------------|--|--------------------|---------|---------|---------|
|   |  |                                       |  | 2008               | 2007    | 2006    | 2005    |
| <b>Per Share Operating Performance</b>  |  |                                       |  |                    |         |         |         |
| Net asset value, beginning of period  | \$ 6.69  | \$ 4.05                               | \$ 7.62  | \$ 8.99            | \$ 8.46 | \$ 8.46 | \$ 8.43 |
| Net investment income <sup>1</sup>  | 0.33   | 0.64                                  | 0.50   | 0.73               | 0.71    | 0.72    | 0.85    |
| Net realized and unrealized gain (loss)   | 0.18   | 2.68                                  | (3.51)   | (1.33)             | 0.49    | 0.02    | 0.07    |
| Net increase (decrease) from investment operations                                  | 0.51   | 3.32                                  | (3.01)   | (0.60)             | 1.20    | 0.74    | 0.92    |
| Dividends from net investment income  | (0.30)   | (0.68)                                | (0.56)   | (0.77)             | (0.67)  | (0.74)  | (0.89)  |
| Net asset value, end of period  | \$ 6.90  | \$ 6.69                               | \$ 4.05  | \$ 7.62            | \$ 8.99 | \$ 8.46 | \$ 8.46 |
| Market price, end of period   | \$ 6.92  | \$ 6.67                               | \$ 3.57  | \$ 7.03            | \$ 8.53 | \$ 7.36 | \$ 8.38 |
| <b>Total Investment Return<sup>2</sup></b>  |  |                                       |  |                    |         |         |         |
| Based on net asset value  | 7.81% <sup>3</sup>                                       | 86.65%                                | (39.69)% <sup>3</sup>                                | (5.69)%            | 15.51%  | 9.78%   | 11.24%  |
| Based on market price   | 8.45% <sup>3</sup>                                       | 111.12%                               | (42.38)% <sup>3</sup>                                | (8.30)%            | 25.98%  | (3.59)% | 16.55%  |
| <b>Ratios to Average Net Assets</b>   |  |                                       |  |                    |         |         |         |
| Total expenses  | 1.35% <sup>4</sup>                                       | 1.34%                                 | 2.45% <sup>4</sup>                                   | 2.47%              | 3.38%   | 2.49%   | 1.81%   |
| Total expenses after fees waived and paid indirectly                                | 1.35% <sup>4</sup>                                       | 1.33%                                 | 2.45% <sup>4</sup>                                   | 2.47%              | 3.38%   | 2.49%   | 1.81%   |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.02% <sup>4</sup>                                       | 1.04%                                 | 1.29% <sup>4</sup>                                   | 0.96%              | 1.04%   | 1.00%   | 0.99%   |
| Net investment income   | 9.42% <sup>4</sup>                                       | 11.35%                                | 11.80% <sup>4</sup>                                  | 9.01%              | 8.25%   | 8.45%   | 9.71%   |

**Supplemental Data**

|  |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 257,755 | \$ 249,721 | \$ 151,261 | \$ 284,361 | \$ 335,479 | \$ 315,699 | \$ 315,626 |
| Borrowings outstanding, end of period (000)            | \$ 66,000  | \$ 76,000  | \$ 44,200  | \$ 71,700  | \$ 129,700 | \$ 141,000 | \$ 107,800 |
| Average borrowings outstanding during the period (000) | \$ 66,348  | \$ 49,196  | \$ 65,500  | \$ 88,466  | \$ 134,704 | \$ 109,144 | \$ 112,501 |
| Portfolio turnover                                     | 48%        | 89%        | 37%        | 38%        | 62%        | 56%        | 55%        |
| Asset coverage, end of period per \$1,000              | \$ 4,905   | \$ 4,286   | \$ 4,422   | \$ 4,966   | \$ 3,587   | \$ 3,239   | \$ 3,928   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

See Notes to Financial Statements.

## Financial Highlights

BlackRock Debt Strategies Fund, Inc. (DSU)

|   | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year Ended<br>February 28, |          | Year<br>Ended<br>February 29,<br>2008 | Year Ended<br>February 28, |         |  |
|---|--|----------------------------|----------|---------------------------------------|----------------------------|---------|--|
|   |  | 2010                       | 2009     |                                       | 2007                       | 2006    |  |
| <b>Per Share Operating Performance</b>                          |  |                            |          |                                       |                            |         |  |
| Net asset value, beginning of period                            | \$ 3.89  | \$ 2.35                    | \$ 5.57  | \$ 7.01                               | \$ 6.69                    | \$ 7.06 |  |
| Net investment income <sup>1</sup>                              | 0.17   | 0.39                       | 0.52     | 0.66                                  | 0.68                       | 0.63    |  |
| Net realized and unrealized gain (loss)                         | 0.12   | 1.55                       | (3.12)   | (1.43)                                | 0.28                       | (0.35)  |  |
| Net increase (decrease) from investment operations              | 0.29   | 1.94                       | (2.60)   | (0.77)                                | 0.96                       | 0.28    |  |
| Dividends and distributions from:                               |  |                            |          |                                       |                            |         |  |
| Net investment income   | (0.18)   | (0.39)                     | (0.62)   | (0.67)                                | (0.64)                     | (0.65)  |  |
| Tax return of capital   |  | (0.01)                     |          |                                       |                            |         |  |
| Total dividends and distributions                               | (0.18)   | (0.40)                     | (0.62)   | (0.67)                                | (0.64)                     | (0.65)  |  |
| Net asset value, end of period                                  | \$ 4.00  | \$ 3.89                    | \$ 2.35  | \$ 5.57                               | \$ 7.01                    | \$ 6.69 |  |
| Market price, end of period                                     | \$ 3.92  | \$ 3.91                    | \$ 2.07  | \$ 5.43                               | \$ 7.28                    | \$ 6.77 |  |
| <b>Total Investment Return<sup>2</sup></b>                      |  |                            |          |                                       |                            |         |  |
| Based on net asset value  | 7.61% <sup>3</sup>                                       | 87.82%                     | (50.19)% | (11.72)%                              | 15.35%                     | 4.57%   |  |
| Based on market price   | 4.91% <sup>3</sup>                                       | 114.32%                    | (54.99)% | (17.13)%                              | 18.37%                     | 11.34%  |  |
| <b>Ratios to Average Net Assets</b>                             |  |                            |          |                                       |                            |         |  |
| Total expenses  | 1.22% <sup>4</sup>                                       | 1.23%                      | 2.42%    | 3.13%                                 | 3.16%                      | 2.63%   |  |
| Total expenses after fees waived                                | 1.22% <sup>4</sup>                                       | 1.23%                      | 2.42%    | 3.13%                                 | 3.16%                      | 2.63%   |  |
| Total expenses after fees waived and excluding interest expense | 0.98% <sup>4</sup>                                       | 1.02%                      | 1.20%    | 0.99%                                 | 0.99%                      | 1.02%   |  |
| Net investment income   | 8.35% <sup>4</sup>                                       | 12.16%                     | 11.79%   | 9.90%                                 | 9.97%                      | 9.55%   |  |

**Supplemental Data**

|  |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 431,559 | \$ 419,222 | \$ 252,080 | \$ 594,204 | \$ 745,944 | \$ 708,411 |
| Borrowings outstanding, end of period (000)            | \$ 84,000  | \$ 67,000  | \$ 90,000  | \$ 199,000 | \$ 298,600 | \$ 259,900 |
| Average borrowings outstanding during the period (000) | \$ 79,701  | \$ 58,574  | \$ 163,286 | \$ 272,846 | \$ 283,906 | \$ 294,371 |
| Portfolio turnover                                     | 36%        | 86%        | 44%        | 51%        | 65%        | 46%        |
| Asset coverage, end of period per \$1,000              | \$ 6,137   | \$ 7,257   | \$ 3,801   | \$ 3,986   | \$ 3,498   | \$ 3,726   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

See Notes to Financial Statements.

## Financial Highlights

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

|   | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year Ended<br>February 28, |          | Year<br>Ended<br>February 29,<br>2008 | Year Ended<br>February 28, |          |
|---|--|----------------------------|----------|---------------------------------------|----------------------------|----------|
|   |  | 2010                       | 2009     |                                       | 2007                       | 2006     |
| <b>Per Share Operating Performance</b>  |  |                            |          |                                       |                            |          |
| Net asset value, beginning of period  | \$ 13.16   | \$ 8.92                    | \$ 16.06 | \$ 19.28                              | \$ 19.39                   | \$ 19.74 |
| Net investment income <sup>1</sup>  | 0.45   | 0.86                       | 1.37     | 1.55                                  | 1.55                       | 1.33     |
| Net realized and unrealized gain (loss)   | 0.11   | 4.44                       | (6.98)   | (3.27)                                | (0.12)                     | (0.31)   |
| Net increase (decrease) from investment operations                                  | 0.56   | 5.30                       | (5.61)   | (1.72)                                | 1.43                       | 1.02     |
| Dividends and distributions from:   |  |                            |          |                                       |                            |          |
| Net investment income   | (0.45)   | (0.98)                     | (1.53)   | (1.50)                                | (1.54)                     | (1.27)   |
| Net realized gain   |  |                            |          |                                       |                            | (0.10)   |
| Tax return of capital   |  | (0.08)                     |          |                                       |                            |          |
| Total dividends and distributions   | (0.45)   | (1.06)                     | (1.53)   | (1.50)                                | (1.54)                     | (1.37)   |
| Net asset value, end of period  | \$ 13.27   | \$ 13.16                   | \$ 8.92  | \$ 16.06                              | \$ 19.28                   | \$ 19.39 |
| Market price, end of period   | \$ 13.50   | \$ 15.01                   | \$ 8.28  | \$ 14.75                              | \$ 18.50                   | \$ 17.76 |
| <b>Total Investment Return<sup>2</sup></b>  |  |                            |          |                                       |                            |          |
| Based on net asset value  | 4.25% <sup>3</sup>                                       | 62.08%                     | (36.46)% | (8.98)%                               | 8.31%                      | 6.07%    |
| Based on market price   | (7.02)% <sup>3</sup>                                     | 99.15%                     | (35.78)% | (12.88)%                              | 13.47%                     | (1.35)%  |
| <b>Ratios to Average Net Assets</b>   |  |                            |          |                                       |                            |          |
| Total expenses  | 1.51% <sup>4</sup>                                       | 1.50%                      | 2.48%    | 2.78%                                 | 2.87%                      | 2.46%    |
| Total expenses after fees waived and paid indirectly                                | 1.51% <sup>4</sup>                                       | 1.50%                      | 2.48%    | 2.78%                                 | 2.87%                      | 2.46%    |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.26% <sup>4</sup>                                       | 1.27%                      | 1.38%    | 1.20%                                 | 1.22%                      | 1.25%    |
| Net investment income   | 6.69% <sup>4</sup>                                       | 7.40%                      | 10.08%   | 8.39%                                 | 8.03%                      | 6.88%    |

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**Supplemental Data**

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|  |    |         |    |         |    |        |    |         |    |         |    |         |
|--|----|---------|----|---------|----|--------|----|---------|----|---------|----|---------|
| Net assets, end of period (000)                        | \$ | 139,840 | \$ | 138,371 | \$ | 93,656 | \$ | 168,553 | \$ | 202,364 | \$ | 203,557 |
| Borrowings outstanding, end of period (000)            | \$ | 28,000  | \$ | 24,000  | \$ | 26,000 | \$ | 50,000  | \$ | 47,000  | \$ | 61,400  |
| Average borrowings outstanding during the period (000) | \$ | 26,576  | \$ | 22,225  | \$ | 45,165 | \$ | 55,269  | \$ | 61,022  | \$ | 63,725  |
| Portfolio turnover                                     |    | 46%     |    | 92%     |    | 47%    |    | 65%     |    | 65%     |    | 72%     |
| Asset coverage, end of period per \$1,000              | \$ | 5,994   | \$ | 6,765   | \$ | 4,602  | \$ | 4,371   | \$ | 5,306   | \$ | 4,315   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock Senior High Income Fund, Inc. (ARK)

|   | Six Months<br>Ended<br>August 31,<br>2010<br>(Unaudited) | Year Ended<br>February 28, |          | Year<br>Ended<br>February 29,<br>2008 | Year Ended<br>February 28, |         |  |
|---|--|----------------------------|----------|---------------------------------------|----------------------------|---------|--|
|   |  | 2010                       | 2009     |                                       | 2007                       | 2006    |  |
| <b>Per Share Operating Performance</b>                          |  |                            |          |                                       |                            |         |  |
| Net asset value, beginning of period                            | \$ 3.91  | \$ 2.54                    | \$ 5.04  | \$ 6.17                               | \$ 6.00                    | \$ 6.28 |  |
| Net investment income <sup>1</sup>                              | 0.16   | 0.36                       | 0.41     | 0.54                                  | 0.57                       | 0.55    |  |
| Net realized and unrealized gain (loss)                         | 0.07   | 1.31                       | (2.43)   | (1.11)                                | 0.16                       | (0.27)  |  |
| Net increase (decrease) from investment operations              | 0.23   | 1.67                       | (2.02)   | (0.57)                                | 0.73                       | 0.28    |  |
| Dividends and distributions from:                               |  |                            |          |                                       |                            |         |  |
| Net investment income   | (0.15)   | (0.30)                     | (0.43)   | (0.56)                                | (0.56)                     | (0.56)  |  |
| Tax return of capital   |  |                            | (0.05)   |                                       |                            |         |  |
| Total dividends and distributions                               | (0.15)   | (0.30)                     | (0.48)   | (0.56)                                | (0.56)                     | (0.56)  |  |
| Net asset value, end of period                                  | \$ 3.99  | \$ 3.91                    | \$ 2.54  | \$ 5.04                               | \$ 6.17                    | \$ 6.00 |  |
| Market price, end of period                                     | \$ 3.94  | \$ 3.94                    | \$ 2.21  | \$ 4.91                               | \$ 6.53                    | \$ 5.88 |  |
| <b>Total Investment Return<sup>2</sup></b>                      |  |                            |          |                                       |                            |         |  |
| Based on net asset value  | 5.98% <sup>3</sup>                                       | 68.90%                     | (42.15)% | (9.76)%                               | 12.82%                     | 5.07%   |  |
| Based on market price   | 3.86% <sup>3</sup>                                       | 95.61%                     | (48.33)% | (16.94)%                              | 21.84%                     | 4.13%   |  |
| <b>Ratios to Average Net Assets</b>                             |  |                            |          |                                       |                            |         |  |
| Total expenses  | 1.09% <sup>4</sup>                                       | 1.13%                      | 2.24%    | 2.70%                                 | 3.03%                      | 2.39%   |  |
| Total expenses after fees waived                                | 1.09% <sup>4</sup>                                       | 1.13%                      | 2.24%    | 2.70%                                 | 3.03%                      | 2.39%   |  |
| Total expenses after fees waived and excluding interest expense | 0.88% <sup>4</sup>                                       | 0.93%                      | 1.05%    | 0.86%                                 | 0.90%                      | 0.91%   |  |
| Net investment income   | 8.01% <sup>4</sup>                                       | 10.70%                     | 9.96%    | 9.16%                                 | 9.42%                      | 9.23%   |  |



**Supplemental Data**

|  |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 225,885 | \$ 221,173 | \$ 143,643 | \$ 284,692 | \$ 347,449 | \$ 335,690 |
| Borrowings outstanding, end of period (000)            | \$ 35,000  | \$ 43,000  | \$ 47,000  | \$ 91,500  | \$ 132,000 | \$ 141,700 |
| Average borrowings outstanding during the period (000) | \$ 36,755  | \$ 29,978  | \$ 79,422  | \$ 109,978 | \$ 131,575 | \$ 128,461 |
| Portfolio turnover                                     | 38%        | 80%        | 49%        | 48%        | 62%        | 48%        |
| Asset coverage, end of period per \$1,000              | \$ 7,452   | \$ 6,144   | \$ 4,056   | \$ 4,112   | \$ 3,632   | \$ 3,369   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

See Notes to Financial Statements.

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## Notes to Financial Statements (Unaudited)

### 1. Organization and Significant Accounting Policies:

BlackRock Corporate High Yield Fund, Inc. ( COY ), BlackRock Corporate High Yield Fund III, Inc. ( CYE ), BlackRock Debt Strategies Fund, Inc. ( DSU ) and BlackRock Floating Rate Income Strategies Fund II, Inc. ( FRB ) (collectively, the Funds or individually as a Fund ) are registered under the Investment Company Act of 1940, as amended (the 1940 Act ), as diversified, closed-end management investment companies. BlackRock Senior High Income Fund, Inc. ( ARK ) is registered under the 1940 Act as a non-diversified, closed-end management investment company. The Funds are organized as Maryland corporations. The Funds financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( US GAAP ), which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Funds determine and make available for publication the net asset values of their Common Shares on a daily basis.

The following is a summary of significant accounting policies followed by the Funds:

**Valuation:** The Funds fair value their financial instruments at market value using independent dealers or pricing services under policies approved by the Board of Directors (the Board ). The Funds value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price. Swap agreements are valued utilizing quotes received daily by the Funds pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows and trades and values of the underlying reference instruments. Investments in open-end investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System are valued at the last reported sale price that day or the NASDAQ official closing price, if applicable. For equity investments traded on more than one exchange, the last reported sale price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last available bid price. If no bid price is available, the prior day s price will be used, unless it is determined that such prior day s price no longer reflects the fair value of the security.

Securities and other assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates determined as of the close of business on the New York Stock Exchange ( NYSE ). Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day s price will be used, unless it is determined that the prior day s price no longer reflects the fair value of the option. Over-the-counter ( OTC ) options are valued by an independent pricing service using a mathematical model which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that each Fund might reasonably expect to receive from the current sale of that asset in an arm s-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the

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NYSE that may not be reflected in the computation of each Fund's net assets. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such instruments, those instruments may be Fair Value Assets and be valued at their fair values, as determined in good faith by the investment advisor using a pricing service and/or policies approved by the Board.

**Foreign Currency Transactions:** The Funds' books and records are maintained in US dollars. Purchases and sales of investments are recorded at the rates of exchange prevailing on the date the transactions are entered into. Generally, when the US dollar rises in value against foreign currency, the Funds' investments denominated in that currency will lose value because its currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

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## Notes to Financial Statements (continued)

The Funds report foreign currency related transactions as components of realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

**Preferred Stock:** The Funds may invest in preferred stocks. Preferred stock has a preference over common stock in liquidation (and generally in receiving dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

**Floating Rate Loan Interests:** The Funds may invest in floating rate loan interests. The floating rate loan interests the Funds hold are typically issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly levered. The Funds may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR (London InterBank Offered Rate), the prime rate offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Funds consider these investments to be investments in debt securities for purposes of their investment policies.

When a Fund buys a floating rate loan interest it may receive a facility fee and when it sells a floating rate loan interest it may pay a facility fee. On an ongoing basis, the Funds may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. The Funds earn and/or pay facility and other fees on floating rate loan interests, which are shown as facility and other fees in the Statements of Operations. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by the Funds upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Funds may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the borrower's option. The Funds may invest in such loans in the form of participations in loans (Participations) and assignments of all or a portion of loans from third parties. Participations typically will result in the Funds having a contractual relationship only with the lender, not with the borrower. The Funds will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, the Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower, and the Funds may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Funds will assume the credit risk of both the borrower and the lender that is selling the Participation. The Funds' investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, the Funds may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower.

**Zero-Coupon Bonds:** The Funds may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

**Segregation and Collateralization:** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts, foreign currency exchange contracts or swaps), or certain borrowings (e.g., loan payable), the Funds will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on their books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit securities as collateral for certain investments.

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income, including amortization of premium and accretion of discount on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in facility and other fees in the Statements of Operations.

**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

## Notes to Financial Statements (continued)

**Income Taxes:** It is each Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies (RIC) and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Certain Funds have wholly owned taxable subsidiaries organized as limited liability companies (the Taxable Subsidiaries), each of which holds one of the investments listed in the Schedules of Investments. The Taxable Subsidiaries allow a Fund to hold an investment that is organized as an operating partnership while still satisfying RIC tax requirements. Income earned on the investments held by the Taxable Subsidiaries is taxable to such subsidiaries. Income tax expense, if any, of the Taxable Subsidiaries is reflected in the market value of the investments held by the Taxable Subsidiaries.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds' US federal tax returns remains open for each of the periods as follows:

|     | Four Years Ended  | Year Ended        | Period Ended      | Two Years Ended |
|-----|-------------------|-------------------|-------------------|-----------------|
| COY |                   | February 28, 2010 | February 28, 2009 | May 31, 2008    |
| CYE |                   | February 28, 2010 | February 28, 2009 | May 31, 2008    |
| DSU | February 28, 2010 |                   |                   |                 |
| FRB | February 28, 2010 |                   |                   |                 |
| ARK | February 28, 2010 |                   |                   |                 |

The statutes of limitations on the Funds' state and local tax returns may remain open for an additional year depending upon the jurisdiction. There are no uncertain tax positions that require recognition of a tax liability.

**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by each Fund's Board, non-interested Directors (Independent Directors) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund's deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in dividends affiliated in the Statements of Operations.

**Other:** Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds are pro rated among those funds on the basis of relative net assets or other appropriate methods. The Funds have an arrangement with the custodians whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statements of

Operations. The custodians impose fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

## 2. Derivative Financial Instruments:

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk and foreign currency exchange rate risk. These contracts may be transacted on an exchange or OTC.

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. The Funds' maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain netted against any collateral pledged by/posted to the counterparty. For OTC options purchased, the Funds bear the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral received on the options should the counterparty fail to perform under the contracts. Options written by the Funds do not give rise to counterparty credit risk, as options written obligate the Funds to perform and not the counterparty. Counterparty risk related to exchange-traded financial futures contracts and options is deemed to be minimal due to the protection against defaults provided by the exchange on which these contracts trade.

The Funds may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. ( ISDA ) Master Agreement implemented between a Fund and each of its respective counterparties. The ISDA Master Agreement allows each Fund to offset with each separate counterparty certain derivative financial instrument s payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Funds from their counterparties are not fully collateralized contractually or otherwise, the Funds bear the risk of loss from counter-party non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, the Funds manage counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Funds' net assets decline by a stated percentage or the Funds fail to meet the terms of its ISDA Master Agreements, which would cause the Funds to accelerate payment of any net liability owed to the counterparty.

**Financial Futures Contracts:** The Funds purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in the values of equity securities

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## Notes to Financial Statements (continued)

(equity risk). Financial futures contracts are contracts for delayed delivery of securities or currencies at a specific future date and at a specific price or yield. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recognized by the Funds as unrealized gains or losses. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures transactions involves the risk of an imperfect correlation in the movements in the price of financial futures contracts and the underlying assets.

**Foreign Currency Exchange Contracts:** The Funds enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Funds, help to manage the overall exposure to the currency backing some of the investments held by the Funds. The contract is marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that a counterparty to the contract does not perform its obligations under the agreement.

**Options:** The Funds purchase and write call and put options to increase or decrease their exposure to underlying instruments (including equity risk) and/or, in the case of options written, to generate gains from options premiums. A call option gives the purchaser of the option the right (but not the obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying instrument at the exercise price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise price at any time or at a specified time during the option period. When the Funds purchase (write) an option, an amount equal to the premium paid (received) by the Funds is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or the Funds enter into a closing transaction), the Funds realize a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premiums received or paid). When the Funds write a call option, such option is covered, meaning that the Funds hold the underlying instrument subject to being called by the option counterparty, or cash in an amount sufficient to cover the obligation. When the Funds write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

In purchasing and writing options, the Funds bear the risk of an unfavorable change in the value of the underlying instrument or the risk that the Funds may not be able to enter into a closing transaction due to an illiquid market. Exercise of an option written could result in the Funds purchasing or selling a security at a price different from the current market value.

**Swaps:** The Funds enter into swap agreements, in which the Funds and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the Funds are recorded in the Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

**Credit default swaps** The Funds enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Funds enter into credit default agreements to provide a measure of protection against the default of an issuer (as buyer protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the



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buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Funds will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising of an index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index. As a seller (writer), if an underlying credit event occurs, the Funds will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising of an index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index.

## Notes to Financial Statements (continued)

## Derivative Instruments Categorized by Risk Exposure:

## Fair Values of Derivative Instruments as of August 31, 2010

|   |   | Asset Derivatives |                   |                   |                  |                  |
|---|---|-------------------|-------------------|-------------------|------------------|------------------|
| Statements of Assets and Liabilities Location |   | COY               | CYE               | DSU               | FRB              | ARK              |
| Foreign currency exchange contracts           | Unrealized appreciation on foreign currency exchange contracts                    | \$ 4,441          | \$ 11,568         | \$ 75,886         | \$ 24,495        | \$ 37,624        |
| Credit contracts                              | Unrealized appreciation on swaps  | 220,913           | 200,775           | 72,033            |                  | 44,307           |
| Equity contracts                              | Net unrealized appreciation/depreciation*;<br>Investments at value unaffiliated** | 108,779           | 113,832           |                   |                  |                  |
| <b>Total</b>                                  |   | <b>\$ 334,133</b> | <b>\$ 326,175</b> | <b>\$ 147,919</b> | <b>\$ 24,495</b> | <b>\$ 81,931</b> |

|   |  | Liability Derivatives |                   |                   |                  |
|---|--|-----------------------|-------------------|-------------------|------------------|
| Statements of Assets and Liabilities Location |  | COY                   | CYE               | DSU               | FRB              |
| Foreign currency exchange contracts           | Unrealized depreciation on foreign currency exchange contracts | \$ 31,655             | \$ 44,736         | \$ 47,671         | \$ 45,263        |
| Credit contracts                              | Unrealized depreciation on swaps                               | 177,670               | 191,910           | 65,760            |                  |
| <b>Total</b>                                  |  | <b>\$ 209,325</b>     | <b>\$ 236,646</b> | <b>\$ 113,431</b> | <b>\$ 45,263</b> |

\* Includes cumulative appreciation/depreciation of financial futures contracts as reported in the Schedules of Investments. Only current day's margin variation is reported within the Statements of Assets and Liabilities.

\*\* Includes options purchased at value as reported in the Schedules of Investments.

The Effect of Derivative Instruments on the Statements of Operations  
Six Months Ended August 31, 2010

|  |  | Net Realized Gain (Loss) from |              |              |            |             |
|--|--|-------------------------------|--------------|--------------|------------|-------------|
|  |  | COY                           | CYE          | DSU          | FRB        | ARK         |
| Foreign currency exchange contracts:   |  |                               |              |              |            |             |
| Foreign currency exchange contracts*** |  | \$ 2,836,491                  | \$ 2,854,781 | \$ 2,966,761 | \$ 951,106 | \$ (18,610) |

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|                             |                     |                     |                     |                   |                 |
|-----------------------------|---------------------|---------------------|---------------------|-------------------|-----------------|
| Credit contracts:           |                     |                     |                     |                   |                 |
| Swaps                       | (604,102)           | (248,804)           | 41,873              | 2,111             | 20,099          |
| Equity contracts:           |                     |                     |                     |                   |                 |
| Financial futures contracts | 491,127             | 524,025             |                     |                   |                 |
| <b>Total</b>                | <b>\$ 2,723,516</b> | <b>\$ 3,130,002</b> | <b>\$ 3,008,634</b> | <b>\$ 953,217</b> | <b>\$ 1,489</b> |

Net Change in Unrealized Appreciation/Depreciation on

|  | COY                 | CYE                   | DSU                   | FRB                 | ARK              |
|--|---------------------|-----------------------|-----------------------|---------------------|------------------|
| Foreign currency exchange contracts:   |                     |                       |                       |                     |                  |
| Foreign currency exchange contracts*** | \$ (1,403,326)      | \$ (1,469,905)        | \$ (1,551,118)        | \$ (501,671)        | \$ 34,787        |
| Credit contracts:                      |                     |                       |                       |                     |                  |
| Swaps                                  | 405,802             | 238,857               | 111,087               | (856)               | 44,805           |
| Equity contracts:                      |                     |                       |                       |                     |                  |
| Financial futures contracts            | 108,779             | 113,832               |                       |                     |                  |
| Options****                            | (3,230)             | (3,610)               |                       | (2,090)             |                  |
| <b>Total</b>                           | <b>\$ (891,975)</b> | <b>\$ (1,120,826)</b> | <b>\$ (1,440,031)</b> | <b>\$ (504,617)</b> | <b>\$ 79,592</b> |

\*\*\* Foreign currency exchange contracts are included in the net realized gain (loss) from foreign currency transactions and net change in unrealized appreciation/depreciation on foreign currency transactions.

\*\*\*\* Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

## Notes to Financial Statements (continued)

For the six months ended August 31, 2010, the average quarterly balances of outstanding derivative financial instruments were as follows:

|  | COY           | CYE           | DSU           | FRB           | ARK        |
|--|---------------|---------------|---------------|---------------|------------|
| Financial futures contracts:                     |               |               |               |               |            |
| Average number of contracts sold                 | 25            | 25            |               |               |            |
| Average notional value of contracts sold         | \$ 6,592,015  | \$ 6,719,116  |               |               |            |
| Foreign currency exchange contracts:             |               |               |               |               |            |
| Average number of contracts US dollars purchased | 6             | 6             | 7             | 4             | 1          |
| Average number of contracts US dollars sold      | 3             | 4             | 4             | 3             |            |
| Average US dollar amounts purchased              | \$ 19,020,717 | \$ 20,159,404 | \$ 32,132,405 | \$ 11,171,524 | \$ 904,578 |
| Average US dollar amounts sold                   | \$ 1,352,639  | \$ 1,629,522  | \$ 5,459,252  | \$ 1,882,599  |            |
| Options:   |               |               |               |               |            |
| Average number of contracts purchased            | 17            | 19            |               | 11            |            |
| Average notional value of contracts purchased    | \$ 16,029     | \$ 17,914     |               | \$ 10,371     |            |
| Credit default swaps:                            |               |               |               |               |            |
| Average number of contracts buy protection       | 8             | 6             | 4             |               | 3          |
| Average number of contracts sell protection      | 13            | 13            | 1             | 1             |            |
| Average notional value buy protection            | \$ 6,912,500  | \$ 4,691,250  | \$ 1,967,500  |               | \$ 922,500 |
| Average notional value sell protection           | \$ 3,535,000  | \$ 3,702,500  | \$ 1,340,910  | \$ 500,000    |            |

### 3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. ( PNC ), Bank of America Corporation ( BAC ) and Barclays Bank PLC ( Barclays ) are the largest stockholders of BlackRock, Inc. ( BlackRock ). Due to the ownership structure, PNC is an affiliate of the Funds for 1940 Act purposes, but BAC and Barclays are not.

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager ), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services.

The Manager is responsible for the management of each Fund s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Manager a monthly fee at an annual rate of each Fund s average daily net assets, plus the proceeds of any outstanding borrowings used for leverage:

|     |       |
|-----|-------|
| COY | 0.50% |
| CYE | 0.60% |
| DSU | 0.60% |
| FRB | 0.75% |
| ARK | 0.50% |

The Manager entered into a sub-advisory agreement with BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Manager. The Manager pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

The Manager voluntarily agreed to waive its advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through each Fund s investment in affiliated money market funds; however, the Manager does not waive its advisory fees by the amount of investment advisory fees paid through each Fund s investment in other affiliated investment companies, if any. This amount is shown as fees waived by advisor in the Statements of Operations.

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For the six months ended August 31, 2010, each Fund reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations. The reimbursements were as follows:

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|     |          |
|-----|----------|
| COY | \$ 5,671 |
| CYE | \$ 6,239 |
| DSU | \$ 5,063 |
| FRB | \$ 1,615 |
| ARK | \$ 2,590 |

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Certain officers and/or directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for compensation paid to the Funds Chief Compliance Officer.

#### 4. Investments:

Purchases and sales of investments including paydowns and excluding short-term securities for the six months ended August 31, 2010, were as follows:

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|     | Purchases      | Sales          |
|-----|----------------|----------------|
| COY | \$ 109,166,705 | \$ 123,313,503 |
| CYE | \$ 132,482,678 | \$ 135,210,998 |
| DSU | \$ 207,960,488 | \$ 203,954,932 |
| FRB | \$ 80,212,760  | \$ 78,977,778  |
| ARK | \$ 101,314,718 | \$ 104,406,607 |

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## Notes to Financial Statements (continued)

**5. Commitments:**

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into unfunded loan commitments ( commitments ). Commitments may obligate the Funds to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Funds earn a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is classified in the Statements of Operations as facility and other fees, is recognized ratably over the commitment period. As of August 31, 2010, the Funds had the following unfunded loan commitments:

| Borrower            | Unfunded<br>Commitment | Value of<br>Underlying<br>Loan |
|---------------------|------------------------|--------------------------------|
| <b>COY</b>          |                        |                                |
| Delphi Holdings LLP | \$ 386,400             | \$ 365,148                     |
| <b>CYE</b>          |                        |                                |
| Delphi Holdings LLP | \$ 865,487             | \$ 817,885                     |
| <b>DSU</b>          |                        |                                |
| Delta, Inc.         | \$ 1,475,000           | \$ 1,422,135                   |
| <b>FRB</b>          |                        |                                |
| CloverHill          | \$ 200,510             | \$ 203,912                     |
| Delphi Holdings LLP | \$ 153,455             | \$ 145,015                     |
| Delta, Inc.         | \$ 1,125,000           | \$ 1,092,213                   |
| Horizon Lines LLC   | \$ 142,723             | \$ 129,611                     |
| <b>ARK</b>          |                        |                                |
| Delta, Inc.         | \$ 600,000             | \$ 578,935                     |

**6. Borrowings:**

On March 5, 2009, the Funds entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement ) with State Street Bank and Trust Company ( SSB ). The Funds have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

|     | Commitment<br>Amounts |
|-----|-----------------------|
| COY | \$ 81,000,000         |
| CYE | \$ 85,000,000         |

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|     |                |
|-----|----------------|
| DSU | \$ 135,000,000 |
| FRB | \$ 58,000,000  |
| ARK | \$ 91,000,000  |

Advances are made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 1.0% above the Fed Effective Rate and (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above 7-day, 30-day, 60-day or 90-day LIBOR. In addition, the Funds pay a facility fee and a commitment fee based upon SSB's total commitment to the Funds. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Funds as of August 31, 2010 are shown in the Statements of Assets and Liabilities as loan payable. The SSB Agreement was renewed for 364 days under substantially the same terms effective March 4, 2010. The SSB Agreement allows for the following maximum commitment amounts:

|     | Commitment<br>Amounts |
|-----|-----------------------|
| COY | \$ 90,000,000         |
| CYE | \$ 95,000,000         |
| DSU | \$ 150,000,000        |
| FRB | \$ 58,000,000         |
| ARK | \$ 91,000,000         |

The Funds may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

For the six months ended August 31, 2010, the daily weighted average interest rates for Funds with loans under the revolving credit agreements were as follows:

|     | Daily<br>Weighted<br>Average<br>Interest Rate |
|-----|---|
| COY | 1.28%   |
| CYE | 1.28%   |
| DSU | 1.28%   |
| FRB | 1.29%   |
| ARK | 1.28%   |

## Notes to Financial Statements (concluded)

**7. Capital Loss Carryforwards:**

As of February 28, 2010, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires February 28, | COY                   | CYE                   | DSU                   | FRB                  | ARK                   |
|----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| 2011                 | \$ 77,885,783         | \$ 119,513,437        | \$ 85,285,305         |                      | \$ 30,706,546         |
| 2012                 | 6,647,369             | 1,938,881             | 17,223,475            |                      | 22,345,071            |
| 2013                 |                       |                       | 21,126,025            |                      |                       |
| 2014                 |                       |                       | 20,233,987            | \$ 203,838           | 4,906,362             |
| 2015                 |                       |                       | 3,578,574             | 1,315,945            | 1,585,622             |
| 2016                 | 454,146               | 363,401               |                       |                      |                       |
| 2017                 | 23,362,415            | 24,709,530            | 56,690,782            | 12,168,927           | 27,675,242            |
| 2018                 | 36,323,237            | 33,834,777            | 148,062,952           | 38,830,450           | 60,685,648            |
| <b>Total</b>         | <b>\$ 144,672,950</b> | <b>\$ 180,360,026</b> | <b>\$ 352,201,100</b> | <b>\$ 52,519,160</b> | <b>\$ 147,904,491</b> |

**8. Market and Credit Risk:**

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments. The Funds manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Funds' Statements of Assets and Liabilities, less any collateral held by the Funds.

**9. Capital Share Transactions:**

Each Fund is authorized to issue 200 million shares, par value \$0.10 per share, all of which were initially classified as Common Shares. At August 31, 2010, the shares owned by affiliates of the Manager of FRB were 8,843. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

For the periods shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestments:

|     | Six Months Ended<br>August 31, 2010 | Year Ended<br>February 28, 2010 |
|-----|-------------------------------------|---------------------------------|
| COY | 27,311                              | 132,418                         |
| CYE | 11,796                              | 16,969                          |
| DSU | 114,520                             | 422,001                         |
| FRB | 23,982                              | 19,658                          |



|     |        |        |
|-----|--------|--------|
| ARK | 63,426 | 33,391 |
|-----|--------|--------|

**10. Subsequent Events:**

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following items were noted:

Each Fund paid a net investment income dividend on September 30, 2010 to shareholders of record on September 15, 2010 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| COY | \$0.051                                  |
| CYE | \$0.050                                  |
| DSU | \$0.027                                  |
| FRB | \$0.075                                  |
| ARK | \$0.025                                  |

## Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors (each, a Board, and, collectively, the Boards, and the members of which are referred to as Board Members) of each of 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) and BlackRock Senior High Income Fund, Inc. (ARK) and together with COY, CYE, DSU and FRB, each, a Fund, and, collectively, the Funds) met on April 8, 2010 and May 13-14, 2010 to consider the approval of each Fund's investment advisory agreement (each, an Advisory Agreement) with BlackRock Advisors, LLC (the Manager), each Fund's investment advisor. Each Board also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement) between the Manager and BlackRock Financial Management, Inc. (the Sub-Advisor), with respect to its Fund. The Manager and the Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the Agreements.

## Activities and Composition of the Board

The Board of each Fund consists of ten individuals, eight of whom are not interested persons of such Fund as defined in the Investment Company Act of 1940 (the 1940 Act) (the Independent Board Members). The Board Members are responsible for the oversight of the operations of each Fund and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Boards is an Independent Board Member. The Boards have established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member) and is chaired by an Independent Board Member. The Boards also has one *ad hoc* committee, the Joint Product Pricing Committee, which consists of Independent Board Members and the directors/trustees of the boards of certain other BlackRock-managed funds, who are not interested persons of their respective funds.

## The Agreements

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Funds by the personnel of BlackRock and its affiliates, including investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services and assistance in meeting applicable legal and regulatory requirements.

From time to time throughout the year, each Board, acting directly and through its committees, considered at each of its meetings factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the respective Fund and its shareholders. Among the matters the Board considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management's and portfolio managers' analysis of the reasons for any over performance or underperformance against a Fund's peers and/or benchmark, as applicable; (b) fees, including advisory and other amounts paid to BlackRock and its affiliates by each Fund for services such as call center and fund accounting; (c) each Fund's operating expenses; (d) the resources devoted to and compliance reports relating to each Fund's investment objective, policies and restrictions; (e) each Fund's compliance with its Code of Ethics and compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock's and other service providers' internal controls; (h) BlackRock's implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of each Fund's valuation and liquidity procedures; (k) an analysis of contractual and actual management fees for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; and (l) periodic updates on BlackRock's business.

## Board Considerations in Approving the Agreements

**The Approval Process:** Prior to the April 8, 2010 meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with BlackRock to periodically review the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April meeting included: (a) information independently compiled and prepared by Lipper, Inc. (Lipper) on Fund fees and expenses, and the investment performance of each Fund as compared with a peer group of funds as determined by Lipper (collectively, Peers); (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates and significant shareholders; (c) a general analysis provided by BlackRock concerning investment advisory fees charged to other clients, such as institutional clients and open-end funds, under similar investment mandates; (d) the impact of economies of scale; (e) a summary of aggregate amounts paid by each Fund to BlackRock; and (f) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

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At an in-person meeting held on April 8, 2010, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April 8, 2010 meeting, the Boards presented BlackRock with questions and requests for additional information and BlackRock responded to these requests with additional written information in advance of the May 13 - 14, 2010 Board meeting.

At an in-person meeting held on May 13 - 14, 2010, each Fund's Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and each respective Fund and the Sub-Advisory Agreement between the Manager and the Sub-Advisor with respect to each Fund, each for a one-year term ending June 30, 2011. In approving the continuation of the Agreements, the Boards considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with each Fund; (d) economies of scale; and (e) other factors deemed relevant by the Board Members.

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### Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

The Boards also considered other matters they deemed important to the approval process, such as services related to the valuation and pricing of each Fund's portfolio holdings, direct and indirect benefits to BlackRock and its affiliates and significant shareholders from their relationship with each Fund and advice from independent legal counsel with respect to the review process and materials submitted for the Boards' review. The Boards noted the willingness of BlackRock personnel to engage in open, candid discussions with the Boards. The Boards did not identify any particular information as controlling, and each Board Member may have attributed different weights to the various items considered.

**A. Nature, Extent and Quality of the Services Provided by BlackRock:** The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Boards compared each Fund's performance to the performance of a comparable group of closed-end funds, and the performance of a relevant benchmark, if any. The Boards met with BlackRock's senior management personnel responsible for investment operations, including the senior investment officers. The Boards also reviewed the materials provided by each Fund's portfolio management team discussing each Fund's performance and each Fund's investment objective, strategies and outlook.

The Boards considered, among other factors, the number, education and experience of BlackRock's investment personnel generally and each Fund's portfolio management team, investments by portfolio managers in the funds they manage, BlackRock's portfolio trading capabilities, BlackRock's use of technology, BlackRock's commitment to compliance, BlackRock's credit analysis capabilities, BlackRock's risk analysis capabilities and BlackRock's approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards also reviewed a general description of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent.

In addition to advisory services, the Boards considered the quality of the administrative and non-investment advisory services provided to each Fund. BlackRock and its affiliates and significant shareholders provide each Fund with certain administrative and other services (in addition to any such services provided to each Fund by third parties) and officers and other personnel as are necessary for the operations of each Fund. In addition to investment advisory services, BlackRock and its affiliates provide each Fund with other services, including: (i) preparing disclosure documents, such as the prospectus and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of each Fund; (iii) assisting with daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; and (viii) performing other administrative functions necessary for the operation of each Fund, such as tax reporting, fulfilling regulatory filing requirements, and call center services. The Boards reviewed the structure and duties of BlackRock's fund administration, accounting, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

**B. The Investment Performance of the Funds and BlackRock:** The Boards, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the April 8, 2010 meeting, the Boards were provided with reports, independently prepared by Lipper, which included a comprehensive analysis of each Fund's performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper's rankings. In connection with their review, the Boards received and reviewed information regarding the investment performance of each Fund as compared to a representative group of similar funds as determined by Lipper and to all funds in each Fund's applicable Lipper category. The Boards were provided with a description of the methodology used by Lipper to select peer funds. The Boards regularly review the performance of each Fund throughout the year.

The Boards of COY and CYE noted that, in general, COY and CYE performed better than their respective Peers in that the performance of each of COY and CYE were at or above the median of their Lipper Performance Universe in each of the one-, three- and five-year periods reported.

The Board of DSU noted that DSU performed below the median of its Lipper Performance Universe in the three- and five-year periods reported, but that DSU performed better than or equal to the median of its Lipper Performance Universe in the one-year period reported. The Board of DSU and BlackRock reviewed the reasons for DSU's underperformance during the three- and five-year periods compared with its Peers. The Board of DSU was informed that, among other things, DSU's credit positioning has traditionally been biased towards the lower quality ratings tiers, which negatively impacted relative performance in 2008.

The Board of FRB noted that FRB performed below the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported. The Board of FRB and BlackRock reviewed the reasons for FRB's underperformance during these periods compared with its

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Peers. The Board of FRB was informed that, among other things, for much of 2007, and all of 2008 and 2009, FRB has run a relatively conservative investment strategy, emphasizing more recession-resistant sectors and underweighting higher volatility and more economically sensitive ones. In terms of general strategy, FRB remains relatively conservatively positioned despite the market's improvement given the ongoing nature of the economic correction and credit crunch, as FRB's portfolio managers believe that the deleveraging process will continue and impact consumers and more economically sensitive sectors.

The Board of ARK noted that ARK performed below the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported. The Board of ARK and BlackRock reviewed the reasons for ARK's underperformance during these periods compared with its Peers. The Board of ARK was informed that, among other things, ARK's credit positioning has traditionally been biased towards the lower quality ratings tiers, which negatively impacted relative performance in 2008.

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Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

The Boards of DSU, FRB and ARK and BlackRock discussed BlackRock's strategy for improving each respective Fund's performance and BlackRock's commitment to providing the resources necessary to assist each Fund's portfolio managers and to improve each Fund's performance.

The Boards noted that BlackRock has made changes to the organization of the overall fixed income group management structure designed to result in a strengthened leadership team with clearer accountability.

**C. Consideration of the Advisory Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds:** The Boards, including the Independent Board Members, reviewed each Fund's contractual advisory fee rate compared with the other funds in its Lipper category. The Boards also compared each Fund's total expenses, as well as actual management fees, to those of other funds in its Lipper category. The Boards considered the services provided and the fees charged by BlackRock to other types of clients with similar investment mandates, including separately managed institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition and profitability with respect to the services it provided each Fund. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Boards reviewed BlackRock's profitability with respect to each Fund and other funds the Boards currently oversee for the year ended December 31, 2009 compared to available aggregate profitability data provided for the year ended December 31, 2008. The Boards reviewed BlackRock's profitability with respect to other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, expense allocations and business mix, and the difficulty of comparing profitability as a result of those factors.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. Nevertheless, to the extent such information was available, the Boards considered BlackRock's overall operating margin, in general, compared to the operating margin for leading investment management firms whose operations include advising closed-end funds, among other product types. That data indicates that operating margins for BlackRock with respect to its registered funds are generally consistent with margins earned by similarly situated publicly traded competitors. In addition, the Boards considered, among other things, certain third party data comparing BlackRock's operating margin with that of other publicly traded asset management firms. That third party data indicates that larger asset bases do not, in themselves, translate to higher profit margins.

In addition, the Boards considered the cost of the services provided to each Fund by BlackRock, and BlackRock's and its affiliates' profits relating to the management and distribution of each Fund and the other funds advised by BlackRock and its affiliates. As part of their analysis, the Boards reviewed BlackRock's methodology in allocating its costs to the management of each Fund. The Boards also considered whether BlackRock has the financial resources necessary to attract and retain high-quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Boards.

The Board of each Fund noted that its Fund's contractual management fee rate was lower than or equal to the median contractual management fee rate paid by the Fund's Peers, in each case, before taking into account any expense reimbursements or fee waivers.

**D. Economies of Scale:** The Boards, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of each Fund increase. The Boards also considered the extent to which each Fund benefits from such economies and whether there should be changes in the advisory fee rate or structure in order to enable each Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of each Fund.

The Boards noted that most closed-end fund complexes do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering and each fund is managed independently consistent with its own investment objectives. The Boards noted that only one closed-end fund in the Fund Complex has breakpoints in its fee structure. Information provided by Lipper also revealed that only one closed-end fund complex with total closed-end fund nets assets exceeding \$10 billion, as of December 31, 2009, used a complex level breakpoint structure.

**E. Other Factors Deemed Relevant by the Board Members:** The Boards, including the Independent Board Members, also took into account other ancillary or fall-out benefits that BlackRock or its affiliates and significant shareholders may derive from their respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios,

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an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates and significant shareholders as service providers to each Fund, including for administrative and distribution services. The Boards also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain mutual fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that BlackRock completed the acquisition of a complex of exchange-traded funds (ETFs) on December 1, 2009, and that BlackRock's funds may invest in such ETFs without any offset against the management fees payable by the funds to BlackRock.

In connection with its consideration of the Agreements, the Boards also received information regarding BlackRock's brokerage and soft dollar practices. The Boards received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Boards noted the competitive nature of the closed-end fund marketplace, and that shareholders are able to sell their respective Fund shares in the secondary market if they believe that the Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

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Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (concluded)

**Conclusion**

The Boards, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and each Fund for a one-year term ending June 30, 2011 and the Sub-Advisory Agreement between the Manager and the Sub-Advisor, with respect to each Fund, for a one-year term ending June 30, 2011. As part of its approval, each Board considered the discussions of BlackRock's fee structure, as it applies to its respective Fund, being conducted by the *ad hoc* Joint Product Pricing Committee. Based upon its evaluation of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of each Fund and its shareholders. In arriving at a decision to approve the Agreements, the Boards did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination. The contractual fee arrangements for each Fund reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. Certain aspects of the arrangements may be the subject of more attention in some years than in others, and the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.



**Officers and Directors**

Richard E. Cavanagh, Chairman of the Board and Director  
Karen P. Robards, Vice Chair of the Board, Chair of the Audit Committee and Director  
Richard S. Davis, Director  
Frank J. Fabozzi, Director and Member of the Audit Committee  
Kathleen F. Feldstein, Director  
James T. Flynn, Director and Member of the Audit Committee  
Henry Gabbay, Director  
Jerrold B. Harris, Director  
R. Glenn Hubbard, Director  
W. Carl Kester, Director and Member of the Audit Committee  
Anne Ackerley, Fund President and Chief Executive Officer  
Brendan Kyne, Vice President  
Neal Andrews, Chief Financial Officer  
Jay Fife, Treasurer  
Brian Kindelan, Chief Compliance Officer of the Funds  
Howard Surloff, Secretary

**Investment Advisor**

BlackRock Advisors, LLC  
Wilmington, DE 19809

**Sub-Advisor**

BlackRock Financial Management, Inc.  
New York, NY 10055

**Custodians**

JPMorgan Chase Bank, N.A.<sup>1</sup>  
New York, NY 10017

State Street Bank and Trust Company<sup>2</sup>  
Boston, MA 02111

The Bank of New York Mellon<sup>3</sup>  
New York, NY 10286

**Transfer Agents**

BNY Mellon Shareowner Services<sup>3</sup>  
Jersey City, NJ 07310

Computershare Trust Company, N.A.<sup>1,2</sup>  
Providence, RI 02940

**Accounting Agent**

State Street Bank and Trust Company  
Princeton, NJ 08540

**Legal Counsel**

Skadden, Arps, Slate, Meagher & Flom LLP  
New York, NY 10036

**Independent Registered Public Accounting Firm**

Deloitte & Touche LLP  
Princeton, NJ 08540

**Address of the Funds**

100 Bellevue Parkway  
Wilmington, DE 19809

- <sup>1</sup> For COY.
- <sup>2</sup> For CYE and FRB.
- <sup>3</sup> For DSU and ARK.

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## Additional Information

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### Dividend Policy

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The Funds' dividend policy is to distribute all or a portion of their net investment income to their shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

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### General Information

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#### Electronic Delivery

Electronic copies of most financial reports are available on the Funds' website or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds' electronic delivery program.

#### Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

#### Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 441-7762.

#### Availability of Quarterly Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

#### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

#### Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.



## Additional Information (continued)

## Section 19(a) Notices

These amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon each Fund's investment experience during the year and may be subject to changes based on the tax regulations. The Funds will send you a Form 1099-DIV each calendar year that will tell you how to report these distributions for federal income tax purposes.

August 31, 2010

|     | Total Cumulative Distributions<br>for the Fiscal Year |                                     |                         | % Breakdown of the Total Cumulative Distributions<br>for the Fiscal Year |                             |                                     |                         |                              |
|-----|---|-------------------------------------|-------------------------|--|-----------------------------|-------------------------------------|-------------------------|------------------------------|
|     | Net<br>Investment<br>Income                           | Net<br>Realized<br>Capital<br>Gains | Return<br>of<br>Capital | Total Per<br>Common<br>Share   | Net<br>Investment<br>Income | Net<br>Realized<br>Capital<br>Gains | Return<br>of<br>Capital | Total Per<br>Common<br>Share |
| DSU | \$0.178145  |                                     | \$0.001855              | \$0.180000   | 99%                         | 0%                                  | 1%                      | 100%                         |
| FRB | \$0.398825  |                                     | \$0.051175              | \$0.450000   | 89%                         | 0%                                  | 11%                     | 100%                         |

Each Fund estimates that it has distributed more than the amount of earned income and net realized gains; therefore, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the shareholder's investment in a Fund is returned to the shareholder. A return of capital does not necessarily reflect a Fund's investment performance and should not be confused with yield or income.

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Additional Information (concluded)

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**BlackRock Privacy Principles**

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BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients ) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Funds have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

#CEF1-5-8/10

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- Item 2 Code of Ethics Not Applicable to this semi-annual report
- Item 3 Audit Committee Financial Expert Not Applicable to this semi-annual report
- Item 4 Principal Accountant Fees and Services Not Applicable to this semi-annual report
- Item 5 Audit Committee of Listed Registrants Not Applicable to this semi-annual report
- Item 6 Investments  
(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.  
(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.
- Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies Not Applicable to this semi-annual report
- Item 8 Portfolio Managers of Closed-End Management Investment Companies Not Applicable to this semi-annual report
- Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers Not Applicable
- Item 10 Submission of Matters to a Vote of Security Holders On September 17, 2010, the Board of Directors of the Fund amended and restated in its entirety the bylaws of the Fund (the Amended and Restated Bylaws ). The Amended and Restated Bylaws were deemed effective as of September 17, 2010 and set forth, among other things, the processes and procedures that shareholders of the Fund must follow, and specifies additional information that shareholders of the Fund must provide, when proposing director nominations at any annual meeting or special meeting in lieu of an annual meeting or other business to be considered at an annual meeting or special meeting.
- Item 11 Controls and Procedures
- 11(a) The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act )) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 11(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.
- Item 12 Exhibits attached hereto
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12(a)(1) Code of Ethics Not Applicable to this semi-annual report

12(a)(2) Certifications Attached hereto

12(a)(3) Not Applicable

12(b) 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.

BlackRock Debt Strategies Fund, Inc.

By: /s/ Anne F. Ackerley  
Anne F. Ackerley  
Chief Executive Officer of  
BlackRock Debt Strategies Fund, Inc.

Date: November 5, 2010

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.

By: /s/ Anne F. Ackerley  
Anne F. Ackerley  
Chief Executive Officer (principal executive officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: November 5, 2010

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: November 5, 2010

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