

BLACKROCK DEBT STRATEGIES FUND, INC.

Form N-CSRS

November 05, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT**

**COMPANIES**

Investment Company Act file number 811-08603

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, 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: 02/28/2013

Date of reporting period: 08/31/2012

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Item 1 Report to Stockholders

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August 31, 2012

## 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

About this time one year ago, financial markets had been upended by sovereign debt turmoil in the United States and Europe as well as growing concerns about the future of the global economy. Since then, asset prices have waxed and waned in broad strokes as investors reacted to developments in Europe's financial situation, mixed US economic news and global central bank policy action.

After confidence crumbled in the third quarter of 2011, October brought improving economic data and more concerted efforts among European leaders toward stemming the region's debt crisis, gradually drawing investors back to the markets. Improving sentiment carried over into early 2012 as investors felt some relief from the world's financial woes. Volatility abated and risk assets (including stocks, commodities and high yield bonds) moved boldly higher through the first two months of 2012 while climbing Treasury yields pressured higher-quality fixed income assets.

Markets reversed course in the spring when Europe's debt problems boiled over once again. High levels of volatility returned as political instability in Greece threatened the country's membership in the euro zone. Spain faced severe deficit issues while the nation's banks clamored for liquidity. Yields on Spanish and Italian government debt rose to levels deemed unsustainable. European leaders conferred and debated vehemently over the need for fiscal integration among the 17 nations comprising the euro currency bloc as a means to resolve the crisis for the long term.

Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, became particularly worrisome. In the United States, disappointing jobs reports dealt a crushing blow to sentiment. Risk assets sold off in the second quarter as investors again retreated to safe haven assets.

Despite the continuation of heightened market volatility, most asset classes enjoyed a robust summer rally. Global economic data continued to be mixed, but the spate of downside surprises seen in the second quarter began to recede and, outside of Europe, the risk of recession largely subsided. Central bank policy action has been a major driver of market sentiment in 2012. Investors' anticipation for economic stimulus drove asset prices higher over the summer as the European Central Bank stepped up its efforts to support the region's troubled nations and the US Federal Reserve reiterated its readiness to take action if economic conditions warrant.

On the whole, most asset classes advanced during the reporting period. US large cap stocks delivered strong returns for the 12 months ended August 31, 2012, while small cap stocks and high yield bonds also performed well. Despite the risk-asset rally in recent months, higher-quality investments including tax-exempt municipal bonds and US Treasury bonds posted exceptional gains by historical standards and outperformed investment-grade corporate bonds. International and emerging equities, however, lagged other asset classes amid ongoing global uncertainty. Near-zero short term interest rates kept yields on money market securities near their all-time lows.

We know that investors continue to face a world of uncertainty and volatile markets, but we also believe these challenging times present many opportunities. We remain committed to working with you and your financial professional to identify actionable ideas for your portfolio. We encourage you to visit [www.blackrock.com/newworld](http://www.blackrock.com/newworld) for more information.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

*We know that investors continue to face a world of uncertainty and volatile markets, but we also believe these challenging times present many opportunities.*

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Rob Kapito

President, BlackRock Advisors, LLC

**Total Returns as of August 31, 2012**

|   | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| US large cap equities   | 4.14%          | 18.00%          |
| (S&P 500® Index)  |                |                 |
| US small cap equities   | 0.89           | 13.40           |
| (Russell 2000® Index)   |                |                 |
| International equities  | (4.00)         | (0.04)          |
| (MSCI Europe, Australasia,<br>Far East Index)                   |                |                 |
| Emerging market equities (MSCI Emerging Markets Index)          | (10.51)        | (5.80)          |
| 3-month Treasury bill   | 0.06           | 0.06            |
| (BofA Merrill Lynch 3-Month<br>US Treasury Bill Index)          |                |                 |
| US Treasury securities  | 5.25           | 9.14            |
| (BofA Merrill Lynch 10-Year<br>US Treasury Index)               |                |                 |
| US investment grade bonds (Barclays US Aggregate<br>Bond Index) | 2.97           | 5.78            |
| Tax-exempt municipal bonds (S&P Municipal Bond Index)           | 3.24           | 9.37            |
| US high yield bonds   | 4.80           | 13.84           |
| (Barclays US Corporate<br>High Yield 2% Issuer<br>Capped Index) |                |                 |

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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**Fund Summary** as of August 31, 2012

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

**Investment Objective**

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's) or Ba or lower by Moody's Investors Service, Inc. (Moody's)) or are unrated securities considered by BlackRock to be of comparable quality. As a secondary objective, the Fund also seeks to provide shareholders 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.

**Portfolio Management Commentary**

**How did the Fund perform?**

For the six-month period ended August 31, 2012, the Fund returned 6.02% based on market price and 5.85% based on net asset value (NAV). For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 8.15% based on market price and 5.80% based on NAV. All returns reflect reinvestment of dividends. The Fund's premium to NAV, which widened slightly 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.

**What factors influenced performance?**

Security selection across the high yield quality spectrum had a positive impact on performance. From a sector perspective, selection among non-captive diversified financials, cable media and wireless names boosted returns.

Conversely, on a sector basis, security selection among non-rated securities detracted from performance. On a sector basis, selection within independent energy, automotive and gaming had a negative impact on returns. The Fund's allocation to bank loans also hindered performance as the asset class underperformed relative to the high yield market in the risk asset rally.

**Describe recent portfolio activity.**

The Fund began the reporting period increasing its risk profile; however, as risk asset prices surged in 2012, the Fund moderated its degree of risk-taking over the six-month period. While the Fund's view on high yield remained positive throughout this period, as average prices moved north of par for the market, the Fund's holdings became increasingly focused on higher-quality income-oriented credit names with stable fundamentals and an attractive coupon rate, since the potential for price appreciation had largely diminished. With global growth concerns posing a persistent threat and fueling uncertainty, the Fund continued to favor issuers in mature industries that exhibit consistent cash flows and good earnings visibility and debt instruments that are backed by profitable assets. The Fund generally remained cautious of cyclical credits that tend to be more vulnerable to slower economic growth and/or macroeconomic weakness.

**Describe portfolio positioning at period end.**

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At period end, the Fund held 78% of its total portfolio in corporate bonds and 14% in floating rate loan interests (bank loans), with the remainder in common stocks, preferred securities and other interests. The Fund's largest sector exposures included non-cable media, healthcare and chemicals, while its portfolio holdings reflected less emphasis on the riskier, more cyclical segments of the market such as banking, home construction and restaurants. The Fund ended the period with economic leverage at 27% of its total managed assets.

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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BlackRock Corporate High Yield Fund, Inc.

**Fund Information**

|   |               |
|---|---------------|
| Symbol on New York Stock Exchange ( NYSE )                                | COY           |
| Initial Offering Date   | June 25, 1993 |
| Yield on Closing Market Price as of August 31, 2012 (\$7.89) <sup>1</sup> | 7.76%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.051       |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.612       |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                      | 27%           |

<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 14.

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

|                 | 8/31/12 | 2/29/12 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 7.89 | \$ 7.76 | 1.68%  | \$ 8.15 | \$ 7.13 |
| Net Asset Value | \$ 7.40 | \$ 7.29 | 1.51%  | \$ 7.40 | \$ 7.00 |

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**

|                              | 8/31/12 | 2/29/12 |
|------------------------------|---------|---------|
| Corporate Bonds              | 78%     | 80%     |
| Floating Rate Loan Interests | 14      | 12      |
| Common Stocks                | 5       | 5       |
| Preferred Securities         | 2       | 2       |
| Other Interests              | 1       | 1       |

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

|           | 8/31/12 | 2/29/12 |
|-----------|---------|---------|
| A         | 1%      | 1%      |
| BBB/Baa   | 5       | 6       |
| BB/Ba     | 36      | 42      |
| B         | 43      | 40      |
| CCC/Caa   | 13      | 10      |
| Not Rated | 2       | 1       |

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

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**Fund Summary** as of August 31, 2012

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

**Investment Objective**

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's 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.

**Portfolio Management Commentary**

**How did the Fund perform?**

For the six-month period ended August 31, 2012, the Fund returned 9.12% based on market price and 6.10% based on NAV. For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 8.15% based on market price and 5.80% based on NAV. All returns reflect reinvestment of dividends. The Fund's premium to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

Security selection across the high yield quality spectrum had a positive impact on performance. From a sector perspective, selection among non-captive diversified financials, cable media and wireless names boosted returns.

Conversely, on a sector basis, security selection among non-rated securities detracted from performance. On a sector basis, selection within independent energy, automotive and gaming had a negative impact on returns. The Fund's allocation to bank loans also hindered performance as the asset class underperformed relative to the high yield market in the risk asset rally.

**Describe recent portfolio activity.**

The Fund began the reporting period increasing its risk profile; however, as risk asset prices surged in 2012, the Fund moderated its degree of risk-taking over the six-month period. While the Fund's view on high yield remained positive throughout this period, as average prices moved north of par for the market, the Fund's holdings became increasingly focused on higher-quality income-oriented credit names with stable fundamentals and an attractive coupon rate, since the potential for price appreciation had largely diminished. With global growth concerns posing a persistent threat and fueling uncertainty, the Fund continued to favor issuers in mature industries that exhibit consistent cash flows and good earnings visibility and debt instruments that are backed by profitable assets. The Fund generally remained cautious of cyclical credits that tend to be more vulnerable to slower economic growth and/or macroeconomic weakness.

**Describe portfolio positioning at period end.**

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At period end, the Fund held 75% of its total portfolio in corporate bonds and 17% in floating rate loan interests (bank loans), with the remainder in common stocks, preferred securities and other interests. The Fund's largest sector exposures included non-cable media, healthcare and chemicals, while its portfolio holdings reflected less emphasis on the riskier, more cyclical segments of the market such as banking, home construction and retailers. The Fund ended the period with economic leverage at 29% of its total managed assets.

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.

**Table of Contents****BlackRock Corporate High Yield Fund III, Inc.****Fund Information**

|   |                  |
|---|------------------|
| Symbol on NYSE  | CYE              |
| Initial Offering Date   | January 30, 1998 |
| Yield on Closing Market Price as of August 31, 2012 (\$8.11) <sup>1</sup> | 7.77%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.0525         |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.6300         |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                      | 29%              |

<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 14.

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

|                 | 8/31/12 | 2/29/12 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 8.11 | \$ 7.75 | 4.65%  | \$ 8.12 | \$ 7.15 |
| Net Asset Value | \$ 7.54 | \$ 7.41 | 1.75%  | \$ 7.54 | \$ 7.11 |

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**

|                              | 8/31/12 | 2/29/12 |
|------------------------------|---------|---------|
| Corporate Bonds              | 75%     | 77%     |
| Floating Rate Loan Interests | 17      | 15      |
| Common Stocks                | 5       | 6       |
| Preferred Securities         | 2       | 2       |
| Other Interests              | 1       |         |

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

|           | 8/31/12 | 2/29/12 |
|-----------|---------|---------|
| A         | 1%      | 1%      |
| BBB/Baa   | 5       | 7       |
| BB/Ba     | 35      | 38      |
| B         | 43      | 43      |
| CCC/Caa   | 13      | 10      |
| Not Rated | 3       | 1       |

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

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**Fund Summary** as of August 31, 2012

**BlackRock Debt Strategies Fund, Inc.**

**Investment Objective**

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's 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.

**Portfolio Management Commentary**

**How did the Fund perform?**

For the six-month period ended August 31, 2012, the Fund returned 10.04% based on market price and 5.51% based on NAV. For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 8.15% based on market price and 5.80% based on NAV. All returns reflect reinvestment of dividends. The Fund began the period with neither a discount nor a premium to NAV, and moved to a premium by period end. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

Security selection among lower quality debt instruments (including both bonds and loans) had a positive impact on performance. From a sector perspective, selection within consumer services, wireless and technology contributed positively.

The Fund invests roughly half of its assets in high yield bonds and half in floating rate loan interests (bank loans), while most funds in the Lipper category invest primarily in high yield bonds. While the Fund's allocation to bank loans did not detract from performance on an absolute basis, the asset class underperformed high yield bonds for the period. Security selection in the independent energy and electric sectors hindered returns for the period.

**Describe recent portfolio activity.**

The Fund began the reporting period increasing its risk profile; however, as risk asset prices surged in 2012, the Fund moderated its degree of risk-taking over the six-month period. While the Fund's view on high yield and bank loan assets remained positive throughout this period, its holdings became increasingly focused on higher-quality income-oriented credit names with stable fundamentals and an attractive coupon rate. With global growth concerns posing a persistent threat and fueling uncertainty, the Fund continued to favor issuers in mature industries that exhibit consistent cash flows and good earnings visibility and debt instruments that are backed by profitable assets. The Fund generally remained cautious of cyclical credits that tend to be more vulnerable to slower economic growth and/or macroeconomic weakness.

**Describe portfolio positioning at period end.**

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At period end, the Fund held 53% of its total portfolio in floating rate loan interests, and 43% in corporate bonds, with the remainder in common stocks, asset-backed securities and other interests. The Fund's largest sector exposures included healthcare, independent energy and chemicals. The Fund ended the period with economic leverage at 30% of its total managed assets.

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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BlackRock Debt Strategies Fund, Inc.

**Fund Information**

|   |                |
|---|----------------|
| Symbol on NYSE  | DSU            |
| Initial Offering Date   | March 27, 1998 |
| Yield on Closing Market Price as of August 31, 2012 (\$4.37) <sup>1</sup> | 7.41%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.027        |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.324        |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                      | 30%            |

<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 14.

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

|                 | 8/31/12 | 2/29/12 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 4.37 | \$ 4.13 | 5.81%  | \$ 4.39 | \$ 4.00 |
| Net Asset Value | \$ 4.19 | \$ 4.13 | 1.45%  | \$ 4.19 | \$ 4.00 |

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**

|                              | 8/31/12 | 2/29/12 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 53%     | 54%     |
| Corporate Bonds              | 43      | 43      |
| Asset-Backed Securities      | 2       | 1       |
| Common Stocks                | 1       | 1       |
| Other Interests              | 1       | 1       |

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

|         | 8/31/12 | 2/29/12 |
|---------|---------|---------|
| A       | 1%      | 1%      |
| BBB/Baa | 5       | 5       |
| BB/Ba   | 34      | 36      |
| B       | 47      | 45      |
| CCC/Caa | 12      | 8       |

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Not Rated

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

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**Fund Summary** as of August 31, 2012

**BlackRock Floating Rate Income Strategies Fund II,  
Inc.**

**Investment Objective**

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.

**Portfolio Management Commentary**

On May 23, 2012, the Board of Directors of FRB approved a plan of reorganization, whereby BlackRock Floating Rate Income Strategies Fund, Inc. (FRA) will acquire all of the assets and all of the liabilities of FRB in exchange for newly issued shares of FRA in a merger transaction. At a shareholder meeting on September 13, 2012, FRB's and FRA's shareholders approved the plan of reorganization. The reorganization took place on October 5, 2012.

**How did the Fund perform?**

For the six-month period ended August 31, 2012, the Fund returned 6.50% based on market price and 4.59% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds (Leveraged) category posted an average return of 9.00% based on market price and 5.03% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

Security selection among higher and lower quality loan instruments had a positive impact on the Fund's performance. From a sector perspective, security selection within the consumer services and gaming segments boosted returns. The Fund's tactical allocation to high yield bonds also contributed positively as the asset class outperformed bank loans and higher-duration fixed income instruments during the period. Conversely, on a sector basis, security selection in the electric and non-cable media sectors detracted from performance, as did selection among middle quality loan instruments.

**Describe recent portfolio activity.**

During the period, the Fund maintained its focus on the higher quality portions of the loan market in terms of loan structure, liquidity and overall credit quality. Given mixed economic data along with global policy uncertainty and an overall weak outlook for global growth, the Fund remained cautious of lower-rated less-liquid loans. Instead, the Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. The European Central Bank's long-term refinancing operations, introduced in December 2011, were supportive of risk markets in first half of 2012. However, this development did not have a significant influence on the Fund's view on risk within the loan market. More specifically, the Fund continued to adhere to a strict investment discipline with the goal of pursuing yield while minimizing exposure to macroeconomic risks.

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### Describe portfolio positioning at period end.

At period end, the Fund held 87% of its total portfolio in floating rate loan interests (bank loans) and 10% in corporate bonds, with the remainder in asset-backed securities and common stocks. The Fund's largest sector exposures included healthcare, technology and chemicals. The Fund ended the period with economic leverage at 30% of its total managed assets.

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.

**Table of Contents****BlackRock Floating Rate Income Strategies Fund II,  
Inc.****Fund Information**

|  |               |
|--|---------------|
| Symbol on NYSE   | FRB           |
| Initial Offering Date  | July 30, 2004 |
| Yield on Closing Market Price as of August 31, 2012 (\$13.62) <sup>1</sup> | 6.43%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.073       |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.876       |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                       | 30%           |

<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 14.

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

|                 | 8/31/12  | 2/29/12  | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 13.62 | \$ 13.21 | 3.10%  | \$ 14.00 | \$ 12.90 |
| Net Asset Value | \$ 13.77 | \$ 13.60 | 1.25%  | \$ 13.77 | \$ 13.37 |

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**

|                              | 8/31/12 | 2/29/12 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 87%     | 84%     |
| Corporate Bonds              | 10      | 13      |
| Asset-Backed Securities      | 2       | 2       |
| Common Stocks                | 1       | 1       |

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

|           | 8/31/12 | 2/29/12 |
|-----------|---------|---------|
| BBB/Baa   | 7%      | 10%     |
| BB/Ba     | 33      | 36      |
| B         | 40      | 39      |
| CCC/Caa   | 11      | 7       |
| Not Rated | 9       | 8       |

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

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**Fund Summary** as of August 31, 2012

**BlackRock Senior High Income Fund, Inc.**

**Investment Objective**

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.

**Portfolio Management Commentary**

**How did the Fund perform?**

For the six-month period ended August 31, 2012, the Fund returned 13.11% based on market price and 5.41% based on NAV. For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 8.15% based on market price and 5.80% 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.

**What factors influenced performance?**

Security selection among lower quality debt instruments (including both bonds and loans) had a positive impact on performance. From a sector perspective, selection within gaming, wireless and technology contributed positively. The Trust s exposures to preferred securities and common stock also boosted returns.

The Fund invests roughly half of its assets in high yield bonds and half in floating rate loan interests (bank loans), while most funds in the Lipper category invest primarily in high yield bonds. While the Fund s allocation to bank loans did not detract from performance on an absolute basis, the asset class underperformed high yield bonds for the period. Security selection in the independent energy and electric sectors hindered returns for the period.

**Describe recent portfolio activity.**

The Fund began the reporting period increasing its risk profile; however, as risk asset prices surged in 2012, the Fund moderated its degree of risk-taking over the six-month period. While the Fund s view on high yield and bank loan assets remained positive throughout this period, its holdings became increasingly focused on higher-quality income-oriented credit names with stable fundamentals and an attractive coupon rate. With global growth concerns posing a persistent threat and fueling uncertainty, the Fund continued to favor issuers in mature industries that exhibit consistent cash flows and good earnings visibility and debt instruments that are backed by profitable assets. The Fund generally remained cautious of cyclical credits that tend to be more vulnerable to slower economic growth and/or macroeconomic weakness.

**Describe portfolio positioning at period end.**

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At period end, the Fund held 56% of its total portfolio in floating rate loan interests (bank loans) and 41% in corporate bonds, with the remainder in asset-backed securities and common stocks. The Fund's largest sector exposures included healthcare, independent energy and chemicals. The Fund ended the period with economic leverage at 27% of its total managed assets.

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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BlackRock Senior High Income Fund, Inc.

**Fund Information**

|   |                |
|---|----------------|
| Symbol on NYSE  | ARK            |
| Initial Offering Date   | April 30, 1993 |
| Yield on Closing Market Price as of August 31, 2012 (\$4.43) <sup>1</sup> | 6.77%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.025        |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.300        |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                      | 27%            |

<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 14.

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

|                 | 8/31/12 | 2/29/12 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 4.43 | \$ 4.06 | 9.11%  | \$ 4.43 | \$ 3.99 |
| Net Asset Value | \$ 4.22 | \$ 4.15 | 1.69%  | \$ 4.22 | \$ 4.03 |

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**

|                              | 8/31/12 | 2/29/12 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 56%     | 56%     |
| Corporate Bonds              | 41      | 41      |
| Asset-Backed Securities      | 2       | 2       |
| Common Stocks                | 1       | 1       |

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

|           | 8/31/12 | 2/29/12 |
|-----------|---------|---------|
| A         | 1%      | 1%      |
| BBB/Baa   | 6       | 6       |
| BB/Ba     | 35      | 39      |
| B         | 54      | 48      |
| CCC/Caa   | 4       | 3       |
| Not Rated |         | 3       |

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

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**Table of Contents****The Benefits and Risks of Leveraging**

The Funds may utilize leverage to seek to enhance the yield and NAV of their common shares ( Common Shares ). 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, which will be based on short-term interest rates, will normally 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 borrows 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 borrowing costs and interest expense on the \$30 million of borrowings based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the borrowings earn income based on long-term interest rates. In this case, the borrowing costs and interest expense of the borrowings is significantly lower than the income earned on the Fund's long-term investments, and therefore the Fund's 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, the yield curve has a negative slope. In this case, the Fund pays 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 Funds' 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 Funds' borrowings does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAVs 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, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Fund's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, 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, as amended (the 1940 Act ), the Funds are permitted to issue senior securities representing indebtedness up to 33  $\frac{1}{3}$ % of their total managed assets (each Fund's net assets plus the proceeds of any outstanding borrowings). In addition, each Fund voluntarily limits its aggregate economic leverage to 50% of its managed assets. As of August 31, 2012, the Funds had aggregate economic leverage from borrowings through a credit facility as a percentage of their total managed assets as follows:

|     | <b>Percent of<br/>Economic<br/>Leverage</b> |
|-----|---|
| COY | 27%   |
| CYE | 29%   |

|     |     |
|-----|-----|
| DSU | 30% |
| FRB | 30% |
| ARK | 27% |

## Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts, foreign currency exchange contracts, options and swaps as specified in Note 2 of the Notes to Consolidated Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, equity, credit, interest rate and/or foreign currency exchange rate risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a

derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments 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 an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments**

August 31, 2012 (Unaudited)

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

| <b>Common Stocks</b>                               | <b>Shares</b> | <b>Value</b> |
|--|---------------|--------------|
| <b>Auto Components 2.3%</b>                        |               |              |
| Dana Holding Corp.                                 | 92,740        | \$ 1,266,828 |
| Delphi Automotive Plc (a)                          | 153,225       | 4,641,186    |
|  |               | 5,908,014    |
| <b>Biotechnology 0.0%</b>                          |               |              |
| Ironwood Pharmaceuticals, Inc. (a)                 | 6,540         | 81,946       |
| <b>Capital Markets 0.4%</b>                        |               |              |
| American Capital Ltd. (a)                          | 46,567        | 511,771      |
| E*Trade Financial Corp. (a)                        | 68,100        | 583,617      |
|  |               | 1,095,388    |
| <b>Chemicals 0.2%</b>                              |               |              |
| ADA-ES, Inc. (a)                                   | 1,670         | 39,162       |
| CF Industries Holdings, Inc.                       | 940           | 194,589      |
| Huntsman Corp.                                     | 12,750        | 183,345      |
|  |               | 417,096      |
| <b>Commercial Banks 0.2%</b>                       |               |              |
| CIT Group, Inc. (a)                                | 15,830        | 597,741      |
| <b>Communications Equipment 0.3%</b>               |               |              |
| Loral Space & Communications Ltd.                  | 11,463        | 841,614      |
| <b>Containers &amp; Packaging 0.0%</b>             |               |              |
| Smurfit Kappa Plc (a)                              | 3,634         | 29,647       |
| <b>Diversified Financial Services 0.5%</b>         |               |              |
| Kcad Holdings I Ltd.                               | 210,194,127   | 1,393,797    |
| <b>Diversified Telecommunication Services 0.2%</b> |               |              |
| Level 3 Communications, Inc. (a)                   | 20,920        | 450,826      |
| <b>Electrical Equipment 0.0%</b>                   |               |              |
| Medis Technologies Ltd.                            | 67,974        | 204          |
| <b>Energy Equipment &amp; Services 1.0%</b>        |               |              |
| Laricina Energy Ltd. (a)                           | 35,294        | 1,521,679    |
| Osum Oil Sands Corp. (a)                           | 74,000        | 938,372      |
|  |               | 2,460,051    |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>      |               |              |
| Travelport Worldwide Ltd.                          | 70,685        | 9,189        |
| <b>Media 2.2%</b>                                  |               |              |
| Belo Corp., Class A                                | 20,724        | 151,285      |
| Charter Communications, Inc. (a)                   | 65,816        | 5,120,485    |
| Clear Channel Outdoor Holdings, Inc., Class A (a)  | 8,934         | 46,903       |
| Cumulus Media, Inc., Class A (a)                   | 88,000        | 243,760      |
| DISH Network Corp., Class A                        | 5,420         | 173,386      |
|  |               | 5,735,819    |
| <b>Metals &amp; Mining 0.1%</b>                    |               |              |
| African Minerals Ltd. (a)                          | 40,400        | 161,685      |
| <b>Oil, Gas &amp; Consumable Fuels 0.1%</b>        |               |              |
| African Petroleum Corp. Ltd. (a)                   | 180,300       | 230,983      |
| <b>Paper &amp; Forest Products 0.1%</b>            |               |              |
| Ainsworth Lumber Co. Ltd. (a)(b)                   | 41,686        | 91,344       |
| Ainsworth Lumber Co. Ltd. (a)                      | 36,744        | 80,514       |
| Western Forest Products, Inc. (a)                  | 147,968       | 160,615      |
| Western Forest Products, Inc. (a)(b)               | 41,528        | 45,077       |

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377,550

| Common Stocks  | Shares | Value      |
|--|--------|------------|
| <b>Semiconductors &amp; Semiconductor Equipment 0.3%</b> |        |            |
| NXP Semiconductors NV (a)                                | 5,000  | \$ 116,600 |
| Spansion, Inc., Class A (a)                              | 60,342 | 689,709    |
| SunPower Corp.   | 123    | 551        |
|  |        | 806,860    |
| <b>Software 0.2%</b>                                     |        |            |
| Bankruptcy Management Solutions, Inc. (a)                | 468    | 5          |
| HMH Holdings/EduMedia                                    | 19,102 | 468,005    |
|  |        | 468,010    |
| <b>Total Common Stocks 8.1%</b>                          |        | 21,066,420 |

|  | Par     |           |
|--|---------|-----------|
| Corporate Bonds  | (000)   |           |
| <b>Aerospace &amp; Defense 0.7%</b>  |         |           |
| Huntington Ingalls Industries, Inc.:   |         |           |
| 6.88%, 3/15/18   | USD 210 | 224,700   |
| 7.13%, 3/15/21   | 295     | 319,338   |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17                | 796     | 847,740   |
| Meccanica Holdings USA, Inc.,<br>6.25%, 7/15/19 (b)                          | 405     | 366,463   |
|  |         | 1,758,241 |
| <b>Air Freight &amp; Logistics 0.4%</b>                                      |         |           |
| National Air Cargo Group, Inc.:  |         |           |
| Series 1 12.38%, 9/02/15   | 548     | 558,607   |
| Series 2 12.38%, 8/16/15   | 555     | 565,094   |
|  |         | 1,123,701 |
| <b>Airlines 1.5%</b>   |         |           |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23 | 1,007   | 1,067,798 |
| Continental Airlines, Inc.:  |         |           |
| Series 1997-4, Class B 6.90%, 7/02/18  | 268     | 267,785   |
| Series 2010-1, Class B 6.00%, 7/12/20  | 355     | 357,812   |
| Delta Air Lines, Inc.:   |         |           |
| Series 2002-1, Class G-1 6.72%, 7/02/24                                      | 555     | 601,640   |
| Series 2009-1 Series B 9.75%, 6/17/18  | 173     | 187,232   |
| Series 2010-1, Class B 6.38%, 7/02/17  | 447     | 447,000   |
| US Airways Pass Through Trust:   |         |           |
| Series 2011-1, Class C 10.88%, 10/22/14                                      | 620     | 635,357   |
| Series 2012-1, Class C 9.13%, 10/01/15                                       | 420     | 428,400   |
|  |         | 3,993,024 |

|  |         |           |
|--|---------|-----------|
| <b>Auto Components 2.1%</b>                                      |         |           |
| Dana Holding Corp., 6.75%, 2/15/21                               | 410     | 441,775   |
| Delphi Corp., 6.13%, 5/15/21                                     | 150     | 165,000   |
| Icahn Enterprises LP, 8.00%, 1/15/18                             | 2,995   | 3,189,675 |
| IDQ Holdings, Inc., 11.50%, 4/01/17 (b)                          | 355     | 371,419   |
| International Automotive Components Group SL, 9.13%, 6/01/18 (b) | 40      | 38,350    |
| Jaguar Land Rover Plc, 8.25%, 3/15/20                            | GBP 439 | 735,238   |
| Titan International, Inc., 7.88%, 10/01/17                       | USD 430 | 450,425   |
|  |         | 5,391,882 |

Portfolio Abbreviations

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

|               |  |
|---------------|--|
| <b>AUD</b>    | Australian Dollar  |
| <b>CAD</b>    | Canadian Dollar  |
| <b>EBITDA</b> | Earnings Before Interest, Taxes, Depreciation and Amortization |
| <b>ETF</b>    | Exchange Traded Fund   |
| <b>EUR</b>    | Euro   |
| <b>FKA</b>    | Formerly Known As  |
| <b>GBP</b>    | British Pound  |
| <b>LIBOR</b>  | London Interbank Offered Rate                                  |
| <b>PIK</b>    | Payment in-Kind  |
| <b>SPDR</b>   | Standard and Poor's Depository Receipts                        |
| <b>USD</b>    | US Dollar  |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

|  | Par     |            |
|--|---------|------------|
| Corporate Bonds  | (000)   | Value      |
| <b>Beverages 0.2%</b>                                      |         |            |
| Crown European Holdings SA:                                |         |            |
| 7.13%, 8/15/18 (b)   | EUR 227 | \$ 314,073 |
| 7.13%, 8/15/18   | 171     | 236,592    |
|  |         | 550,665    |
| <b>Biotechnology 0.0%</b>                                  |         |            |
| QHP Royalty Sub LLC, 10.25%, 3/15/15 (b)                   | USD 53  | 53,117     |
| <b>Building Products 0.8%</b>                              |         |            |
| Building Materials Corp. of America (b):                   |         |            |
| 7.00%, 2/15/20   | 500     | 541,250    |
| 6.75%, 5/01/21   | 710     | 775,675    |
| Momentive Performance Materials, Inc.,<br>11.50%, 12/01/16 | 340     | 207,400    |
| USG Corp., 9.75%, 1/15/18                                  | 550     | 589,875    |
|  |         | 2,114,200  |
| <b>Capital Markets 0.8%</b>                                |         |            |
| E*Trade Financial Corp.:                                   |         |            |
| 12.50%, 11/30/17 (c)                                       | 980     | 1,118,425  |
| 2.25%, 8/31/19 (b)(d)(e)                                   | 226     | 193,230    |
| KKR Group Finance Co. LLC, 6.38%, 9/29/20 (b)              | 600     | 679,171    |
|  |         | 1,990,826  |
| <b>Chemicals 4.3%</b>                                      |         |            |
| Basell Finance Co. BV, 8.10%, 3/15/27 (b)                  | 380     | 507,300    |
| Celanese US Holdings LLC, 5.88%, 6/15/21                   | 1,640   | 1,812,200  |
| Chemtura Corp., 7.88%, 9/01/18                             | 285     | 307,087    |
| Hexion US Finance Corp.:                                   |         |            |
| 6.63%, 4/15/20   | 215     | 217,150    |
| 9.00%, 11/15/20  | 285     | 243,675    |
| Huntsman International LLC, 8.63%, 3/15/21                 | 155     | 177,475    |
| INEOS Finance Plc (b):                                     |         |            |
| 8.38%, 2/15/19   | 835     | 878,837    |
| 7.50%, 5/01/20   | 405     | 413,100    |
| INEOS Group Holdings Plc, 8.50%, 2/15/16 (b)               | 135     | 127,238    |
| Kinove German Bondco GmbH, 10.00%, 6/15/18                 | EUR 315 | 431,866    |
| Kraton Polymers LLC, 6.75%, 3/01/19                        | USD 115 | 117,875    |
| LyondellBasell Industries NV, 5.75%, 4/15/24               | 2,590   | 2,933,175  |
| Nexeo Solutions LLC, 8.38%, 3/01/18                        | 170     | 166,175    |
| OXEA Finance/Cy SCA, 9.63%, 7/15/17 (b)                    | EUR 330 | 457,743    |
| PolyOne Corp., 7.38%, 9/15/20                              | USD 200 | 218,500    |
| TPC Group LLC, 8.25%, 10/01/17                             | 310     | 340,225    |
| Tronox Finance LLC, 6.38%, 8/15/20 (b)                     | 1,740   | 1,757,400  |
|  |         | 11,107,021 |
| <b>Commercial Banks 1.1%</b>                               |         |            |
| CIT Group, Inc.:   |         |            |
| 7.00%, 5/02/16 (b)   | 901     | 904,569    |
| 5.25%, 3/15/18   | 510     | 531,675    |
| 5.50%, 2/15/19 (b)   | 490     | 510,825    |
| 5.00%, 8/15/22   | 530     | 534,015    |
| 6.00%, 4/01/36   | 500     | 452,915    |

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|   |             |              |              |
|---|-------------|--------------|--------------|
|   |             |              | 2,933,999    |
| <b>Commercial Services &amp; Supplies</b>                   | <b>2.0%</b> |              |              |
| ARAMARK Corp., 8.50%, 2/01/15                               |             | 330          | 338,253      |
| ARAMARK Holdings Corp., 8.63%, 5/01/16 (b)(c)               |             | 405          | 414,623      |
| Aviation Capital Group Corp., 6.75%, 4/06/21 (b)            |             | 500          | 513,375      |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (b)          |             | 24           | 24,240       |
| Casella Waste Systems, Inc., 7.75%, 2/15/19                 |             | 430          | 425,700      |
| Clean Harbors, Inc., 5.25%, 8/01/20 (b)                     |             | 484          | 496,705      |
| Covanta Holding Corp., 6.38%, 10/01/22                      |             | 585          | 639,623      |
| EC Finance Plc, 9.75%, 8/01/17                              | EUR         | 300          | 391,019      |
| Mead Products LLC/ACCO Brands Corp., 6.75%, 4/30/20 (b)     | USD         | 205          | 216,788      |
|   | <b>Par</b>  |              |              |
| <b>Corporate Bonds</b>                                      |             | <b>(000)</b> | <b>Value</b> |
| <b>Commercial Services &amp; Supplies (concluded)</b>       |             |              |              |
| Mobile Mini, Inc., 7.88%, 12/01/20                          | USD         | 335          | \$ 359,287   |
| RSC Equipment Rental, Inc., 8.25%, 2/01/21                  |             | 800          | 876,000      |
| Verisure Holding AB:  |             |              |              |
| 8.75%, 9/01/18  | EUR         | 169          | 212,568      |
| 8.75%, 12/01/18   |             | 100          | 111,315      |
| West Corp., 8.63%, 10/01/18                                 | USD         | 125          | 126,875      |
|   |             |              | 5,146,371    |
| <b>Communications Equipment</b>                             | <b>1.8%</b> |              |              |
| Avaya, Inc., 9.75%, 11/01/15                                |             | 650          | 563,875      |
| Frontier Communications Corp., 6.25%, 1/15/13               |             | 830          | 844,525      |
| Hughes Satellite Systems Corp., 6.50%, 6/15/19              |             | 370          | 396,362      |
| Zayo Group LLC/Zayo Capital, Inc.:                          |             |              |              |
| 8.13%, 1/01/20  |             | 1,420        | 1,508,750    |
| 10.13%, 7/01/20   |             | 1,160        | 1,244,100    |
|   |             |              | 4,557,612    |
| <b>Computers &amp; Peripherals</b>                          | <b>0.1%</b> |              |              |
| SanDisk Corp., 1.50%, 8/15/17 (e)                           |             | 200          | 221,500      |
| <b>Construction &amp; Engineering</b>                       | <b>0.2%</b> |              |              |
| Boart Longyear Management Property Ltd., 7.00%, 4/01/21 (b) |             | 175          | 181,563      |
| H&E Equipment Services, Inc., 7.00%, 9/01/22 (b)            |             | 305          | 316,437      |
| URS Corp., 5.00%, 4/01/22 (b)                               |             | 65           | 65,909       |
|   |             |              | 563,909      |
| <b>Construction Materials</b>                               | <b>1.4%</b> |              |              |
| HD Supply, Inc. (b):  |             |              |              |
| 8.13%, 4/15/19  |             | 1,425        | 1,546,125    |
| 11.00%, 4/15/20   |             | 1,350        | 1,485,000    |
| Xefin Lux SCA:  |             |              |              |
| 8.00%, 6/01/18 (b)  | EUR         | 233          | 285,741      |
| 8.00%, 6/01/18  |             | 200          | 245,271      |
|   |             |              | 3,562,137    |
| <b>Consumer Finance</b>                                     | <b>0.8%</b> |              |              |
| Credit Acceptance Corp., 9.13%, 2/01/17                     | USD         | 435          | 478,500      |
| Ford Motor Credit Co. LLC:                                  |             |              |              |
| 7.00%, 4/15/15  |             | 480          | 534,327      |
| 12.00%, 5/15/15   |             | 670          | 834,150      |
| 6.63%, 8/15/17  |             | 131          | 150,595      |
|   |             |              | 1,997,572    |
| <b>Containers &amp; Packaging</b>                           | <b>1.8%</b> |              |              |
| Ardagh Packaging Finance Plc:                               |             |              |              |
| 7.38%, 10/15/17 (b)   |             | 200          | 214,250      |
| 7.38%, 10/15/17 (b)   | EUR         | 335          | 445,592      |
| 7.38%, 10/15/17   |             | 200          | 266,025      |
| 9.13%, 10/15/20 (b)   | USD         | 365          | 379,600      |
| 9.13%, 10/15/20 (b)   |             | 205          | 214,225      |
| 9.13%, 10/15/20 (b)   |             | 204          | 212,670      |

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|   |     |     |           |
|---|-----|-----|-----------|
| Berry Plastics Corp.:   |     |     |           |
| 4.34%, 9/15/14 (f)  |     | 275 | 270,875   |
| 8.25%, 11/15/15   |     | 110 | 115,775   |
| 9.75%, 1/15/21  |     | 390 | 431,925   |
| Beverage Packaging Holdings Luxembourg II SA, 8.00%, 12/15/16 | EUR | 617 | 760,541   |
| GCL Holdings SCA, 9.38%, 4/15/18 (b)                          |     | 244 | 297,696   |
| Graphic Packaging International, Inc., 7.88%, 10/01/18        | USD | 340 | 379,100   |
| OI European Group BV, 6.88%, 3/31/17                          | EUR | 152 | 197,399   |
| Sealed Air Corp., 8.38%, 9/15/21 (b)                          | USD | 175 | 196,875   |
| Tekni-Plex, Inc., 9.75%, 6/01/19 (b)                          |     | 165 | 172,425   |
|   |     |     | 4,554,973 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Corporate Bonds</b>   |              |              |
| <b>Distributors 0.6%</b>   |              |              |
| VWR Funding, Inc., 7.25%, 9/15/17 (b)(g)                         | USD 1,485    | \$ 1,503,563 |
| <b>Diversified Consumer Services 1.5%</b>                        |              |              |
| Laureate Education, Inc., 9.25%, 9/01/19 (b)                     | 555          | 555,000      |
| Service Corp. International, 7.00%, 6/15/17                      | 2,800        | 3,192,000    |
| ServiceMaster Co., 8.00%, 2/15/20                                | 175          | 186,594      |
|  |              | 3,933,594    |
| <b>Diversified Financial Services 4.1%</b>                       |              |              |
| Aircastle Ltd., 6.75%, 4/15/17                                   | 430          | 464,400      |
| Ally Financial, Inc.:  |              |              |
| 7.50%, 12/31/13  | 350          | 374,062      |
| 8.00%, 11/01/31  | 2,705        | 3,198,662    |
| 8.00%, 11/01/31  | 560          | 664,717      |
| CNG Holdings, Inc., 9.38%, 5/15/20 (b)                           | 280          | 285,600      |
| DPL, Inc., 7.25%, 10/15/21 (b)                                   | 1,075        | 1,225,500    |
| Gala Group Finance Plc, 8.88%, 9/01/18                           | GBP 300      | 444,201      |
| General Motors Financial Co., Inc., 6.75%, 6/01/18               | USD 270      | 299,361      |
| Leucadia National Corp., 8.13%, 9/15/15                          | 790          | 890,725      |
| Reynolds Group Issuer, Inc.:                                     |              |              |
| 7.75%, 10/15/16  | EUR 187      | 242,853      |
| 7.13%, 4/15/19   | USD 230      | 247,825      |
| 9.75%, 4/15/19   | 260          | 264,225      |
| 7.88%, 8/15/19   | 315          | 350,438      |
| 9.88%, 8/15/19   | 955          | 1,009,912    |
| 8.25%, 2/15/21   | 125          | 122,813      |
| WMG Acquisition Corp.:   |              |              |
| 9.50%, 6/15/16   | 110          | 120,175      |
| 11.50%, 10/01/18   | 382          | 419,245      |
|  |              | 10,624,714   |
| <b>Diversified Telecommunication Services 2.3%</b>               |              |              |
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12 (a)(h)        | 1,000        | 675,000      |
| Consolidated Communications Finance Co., 10.88%, 6/01/20 (b)     | 550          | 589,875      |
| ITC Deltacom, Inc., 10.50%, 4/01/16                              | 260          | 280,150      |
| Level 3 Communications, Inc., 8.88%, 6/01/19 (b)                 | 295          | 300,900      |
| Level 3 Financing, Inc.:   |              |              |
| 8.13%, 7/01/19   | 1,224        | 1,282,140    |
| 7.00%, 6/01/20 (b)   | 525          | 522,375      |
| 8.63%, 7/15/20   | 785          | 839,950      |
| OTE Plc, 5.00%, 8/05/13  | EUR 104      | 113,377      |
| Telenet Finance V Luxembourg SCA:                                |              |              |
| 6.25%, 8/15/22   | 137          | 173,180      |
| 6.75%, 8/15/24   | 350          | 446,834      |
| Windstream Corp.:  |              |              |
| 8.13%, 8/01/13   | USD 400      | 422,000      |
| 7.88%, 11/01/17  | 360          | 391,500      |
|  |              | 6,037,281    |
| <b>Electric Utilities 0.7%</b>                                   |              |              |
| Mirant Mid Atlantic Pass Through Trust, Series B, 9.13%, 6/30/17 | 269          | 289,152      |
| The Tokyo Electric Power Co., Inc., 4.50%, 3/24/14               | EUR 1,150    | 1,439,671    |

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|   |             |              |              |
|---|-------------|--------------|--------------|
|   |             |              | 1,728,823    |
| <b>Electrical Equipment</b>   | <b>0.1%</b> |              |              |
| Belden, Inc., 5.50%, 9/01/22 (b)  |             | USD 340      | 340,850      |
| <b>Electronic Equipment, Instruments &amp; Components</b>                         | <b>0.5%</b> |              |              |
| CDW LLC/CDW Finance Corp., 8.50%, 4/01/19   |             | 354          | 387,630      |
| Jabil Circuit, Inc., 8.25%, 3/15/18   |             | 215          | 258,000      |
| Micron Technology, Inc., 2.38%, 5/01/32 (b)(e)                                    |             | 407          | 387,159      |
| NXP BV/NXP Funding LLC, 9.75%, 8/01/18 (b)  |             | 190          | 217,075      |
|   |             |              | 1,249,864    |
|   |             | <b>Par</b>   |              |
| <b>Corporate Bonds</b>  |             | <b>(000)</b> | <b>Value</b> |
| <b>Energy Equipment &amp; Services</b>  | <b>3.4%</b> |              |              |
| Atwood Oceanics, Inc., 6.50%, 2/01/20   |             | USD 130      | \$ 138,775   |
| Calfrac Holdings LP, 7.50%, 12/01/20 (b)  |             | 360          | 352,800      |
| Compagnie Générale de Géophysique, Veritas:<br>7.75%, 5/15/17                     |             | 235          | 245,575      |
| 6.50%, 6/01/21  |             | 1,150        | 1,197,437    |
| Forbes Energy Services Ltd., 9.00%, 6/15/19                                       |             | 335          | 324,950      |
| FTS International Services LLC/ FTS International Bonds Inc., 8.13%, 11/15/18 (b) |             | 1,615        | 1,667,487    |
| Gulfmark Offshore, Inc., 6.38%, 3/15/22 (b)                                       |             | 145          | 147,900      |
| Hornbeck Offshore Services, Inc., 5.88%, 4/01/20                                  |             | 290          | 295,800      |
| Key Energy Services, Inc., 6.75%, 3/01/21   |             | 415          | 422,263      |
| MEG Energy Corp. (b):<br>6.50%, 3/15/21   |             | 1,105        | 1,163,012    |
| 6.38%, 1/30/23  |             | 415          | 432,638      |
| Oil States International, Inc., 6.50%, 6/01/19                                    |             | 290          | 308,125      |
| Peabody Energy Corp.:<br>6.25%, 11/15/21 (b)                                      |             | 1,285        | 1,307,487    |
| 7.88%, 11/01/26   |             | 345          | 368,288      |
| Precision Drilling Corp.:<br>6.63%, 11/15/20                                      |             | 70           | 73,500       |
| 6.50%, 12/15/21   |             | 275          | 288,750      |
|   |             |              | 8,734,787    |
| <b>Food &amp; Staples Retailing</b>   | <b>0.2%</b> |              |              |
| Bakkavor Finance 2 Plc, 8.25%, 2/15/18  |             | GBP 100      | 139,731      |
| Rite Aid Corp., 9.25%, 3/15/20  |             | USD 345      | 354,487      |
|   |             |              | 494,218      |
| <b>Food Products</b>  | <b>0.4%</b> |              |              |
| Darling International, Inc., 8.50%, 12/15/18                                      |             | 105          | 118,913      |
| Del Monte Corp., 7.63%, 2/15/19   |             | 56           | 55,930       |
| Post Holdings, Inc., 7.38%, 2/15/22 (b)   |             | 405          | 426,769      |
| Smithfield Foods, Inc., 6.63%, 8/15/22  |             | 531          | 543,611      |
|   |             |              | 1,145,223    |
| <b>Health Care Equipment &amp; Supplies</b>                                       | <b>1.5%</b> |              |              |
| Biomet, Inc.:<br>10.00%, 10/15/17   |             | 180          | 190,463      |
| 6.50%, 8/01/20 (b)  |             | 645          | 669,187      |
| DJO Finance LLC:<br>10.88%, 11/15/14  |             | 476          | 496,825      |
| 8.75%, 3/15/18 (b)  |             | 415          | 440,937      |
| 7.75%, 4/15/18  |             | 95           | 86,925       |
| Fresenius Medical Care US Finance, Inc., 6.50%, 9/15/18 (b)                       |             | 192          | 215,280      |
| Fresenius Medical Care US Finance II, Inc.,<br>5.88%, 1/31/22 (b)                 |             | 600          | 637,500      |
| Fresenius US Finance II, Inc.,<br>9.00%, 7/15/15 (b)                              |             | 500          | 575,625      |
| Kinetic Concepts, Inc./KCI USA, Inc., 12.50%, 11/01/19 (b)                        |             | 255          | 231,413      |
| Teleflex, Inc., 6.88%, 6/01/19  |             | 270          | 288,900      |
|   |             |              | 3,833,055    |
| <b>Health Care Providers &amp; Services</b>                                       | <b>7.3%</b> |              |              |

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|   |         |           |
|---|---------|-----------|
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 | 520     | 540,800   |
| CHS/Community Health Systems, Inc.:           |         |           |
| 5.13%, 8/15/18                                | 785     | 809,531   |
| 7.13%, 7/15/20                                | 415     | 434,712   |
| ConvaTec Healthcare E SA, 7.38%, 12/15/17 (b) | EUR 400 | 538,338   |
| Crown Newco 3 Plc, 7.00%, 2/15/18 (b)         | GBP 331 | 529,521   |
| DaVita, Inc., 5.75%, 8/15/22                  | USD 849 | 882,960   |
| HCA, Inc.:                                    |         |           |
| 8.50%, 4/15/19                                | 120     | 135,300   |
| 6.50%, 2/15/20                                | 2,160   | 2,373,300 |
| 7.88%, 2/15/20                                | 85      | 94,881    |
| 7.25%, 9/15/20                                | 2,405   | 2,665,041 |
| 5.88%, 3/15/22                                | 250     | 265,938   |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |              |
|---|--------------|--------------|
| <b>Corporate Bonds</b>  | <b>(000)</b> | <b>Value</b> |
| <b>Health Care Providers &amp; Services (concluded)</b>               |              |              |
| Hologic, Inc., 6.25%, 8/01/20 (b)                                     | USD 1,464    | \$ 1,550,010 |
| IASIS Healthcare LLC, 8.38%, 5/15/19                                  | 1,420        | 1,354,325    |
| INC Research LLC, 11.50%, 7/15/19 (b)                                 | 375          | 367,500      |
| inVentiv Health, Inc., 10.00%, 8/15/18 (b)                            | 115          | 96,888       |
| Omnicare, Inc., 7.75%, 6/01/20  | 905          | 997,762      |
| PSS World Medical, Inc., 6.38%, 3/01/22                               | 307          | 324,653      |
| Symbion, Inc., 8.00%, 6/15/16   | 315          | 318,347      |
| Tenet Healthcare Corp.:   |              |              |
| 10.00%, 5/01/18   | 792          | 910,800      |
| 6.25%, 11/01/18   | 300          | 325,687      |
| 8.88%, 7/01/19  | 2,355        | 2,678,812    |
| United Surgical Partners International, Inc.,                         |              |              |
| 9.00%, 4/01/20 (b)  | 270          | 289,913      |
| Vanguard Health Holding Co. II LLC,                                   |              |              |
| 7.75%, 2/01/19 (b)  | 425          | 443,062      |
|   |              | 18,928,081   |
| <b>Health Care Technology 1.0%</b>                                    |              |              |
| IMS Health, Inc., 12.50%, 3/01/18 (b)                                 | 2,235        | 2,626,125    |
| <b>Hotels, Restaurants &amp; Leisure 4.6%</b>                         |              |              |
| Affinity Gaming LLC/Affinity Gaming Finance Corp., 9.00%, 5/15/18 (b) | 265          | 269,638      |
| Caesars Entertainment Operating Co., Inc.:                            |              |              |
| 11.25%, 6/01/17   | 1,270        | 1,368,425    |
| 10.00%, 12/15/18  | 2,935        | 1,849,050    |
| 8.50%, 2/15/20 (b)  | 280          | 276,150      |
| Caesars Operating Escrow LLC, 9.00%, 2/15/20 (b)                      | 1,533        | 1,525,335    |
| Carlson Wagonlit BV, 6.88%, 6/15/19 (b)                               | 295          | 306,800      |
| Cirsa Funding Luxembourg SA, 8.75%, 5/15/18                           | EUR 202      | 222,951      |
| Diamond Resorts Corp., 12.00%, 8/15/18                                | USD 1,100    | 1,170,125    |
| El Dorado Resorts LLC, 8.63%, 6/15/19 (b)                             | 125          | 121,875      |
| Enterprise Inns Plc, 6.50%, 12/06/18                                  | GBP 296      | 406,553      |
| Gategroup Finance Luxembourg SA,                                      |              |              |
| 6.75%, 3/01/19  | EUR 250      | 321,525      |
| Little Traverse Bay Bands of Odawa Indians,                           |              |              |
| 9.00%, 8/31/20 (b)  | USD 270      | 245,700      |
| MGM Resorts International:  |              |              |
| 10.38%, 5/15/14   | 175          | 198,625      |
| 4.25%, 4/15/15 (e)  | 996          | 1,005,960    |
| 11.13%, 11/15/17  | 1,315        | 1,462,937    |
| MTR Gaming Group, Inc., 11.50%, 8/01/19 (c)                           | 136          | 139,406      |
| Travelport LLC:   |              |              |
| 5.09%, 9/01/14 (f)  | 165          | 117,150      |
| 9.88%, 9/01/14  | 35           | 27,825       |
| 9.00%, 3/01/16  | 110          | 78,100       |
| 6.46%, 12/01/16 (b)(c)  | 385          | 297,456      |
| Tropicana Entertainment LLC,  |              |              |
| 9.63%, 12/15/14 (a)(h)  | 315          |              |
| Wynn Las Vegas LLC, 5.38%, 3/15/22 (b)                                | 565          | 577,713      |
|   |              | 11,989,299   |
| <b>Household Durables 1.7%</b>  |              |              |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (b)                            | 30           | 30,675       |
| Jarden Corp., 7.50%, 1/15/20  | EUR 285      | 386,255      |

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|  |              |       |              |
|--|--------------|-------|--------------|
| Libbey Glass, Inc., 6.88%, 5/15/20 (b)                       | USD          | 560   | 597,100      |
| Pulte Group, Inc., 6.38%, 5/15/33                            |              | 175   | 152,250      |
| Ryland Group, Inc., 6.63%, 5/01/20                           |              | 315   | 332,325      |
| Spie BondCo 3 SCA, 11.00%, 8/15/19                           | EUR          | 276   | 352,360      |
| Standard Pacific Corp.:                                      |              |       |              |
| 10.75%, 9/15/16  | USD          | 1,285 | 1,551,637    |
| 8.38%, 1/15/21   |              | 955   | 1,064,825    |
|  |              |       | 4,467,427    |
|  | <b>Par</b>   |       |              |
| <b>Corporate Bonds</b>                                       | <b>(000)</b> |       | <b>Value</b> |
| <b>Household Products 0.3%</b>                               |              |       |              |
| Ontex IV SA:   |              |       |              |
| 7.50%, 4/15/18 (b)   | EUR          | 130   | \$ 165,967   |
| 9.00%, 4/15/19   |              | 213   | 246,478      |
| Spectrum Brands Holdings, Inc., 9.50%, 6/15/18               | USD          | 330   | 376,613      |
|  |              |       | 789,058      |
| <b>Independent Power Producers &amp; Energy Traders 3.3%</b> |              |       |              |
| The AES Corp., 7.38%, 7/01/21                                |              | 250   | 286,250      |
| Calpine Corp. (b):   |              |       |              |
| 7.25%, 10/15/17  |              | 165   | 176,550      |
| 7.50%, 2/15/21   |              | 95    | 105,450      |
| 7.88%, 1/15/23   |              | 405   | 457,650      |
| Energy Future Holdings Corp., 10.00%, 1/15/20                |              | 1,765 | 1,945,913    |
| Energy Future Intermediate Holding Co. LLC:                  |              |       |              |
| 6.88%, 8/15/17 (b)   |              | 280   | 285,950      |
| 10.00%, 12/01/20   |              | 2,786 | 3,127,285    |
| 11.75%, 3/01/22 (b)  |              | 547   | 582,555      |
| GenOn REMA LLC, 9.24%, 7/02/17                               |              | 222   | 238,967      |
| Laredo Petroleum, Inc.:                                      |              |       |              |
| 9.50%, 2/15/19   |              | 445   | 505,075      |
| 7.38%, 5/01/22   |              | 345   | 370,875      |
| QEP Resources, Inc., 5.38%, 10/01/22                         |              | 305   | 312,625      |
|  |              |       | 8,395,145    |
| <b>Industrial Conglomerates 2.4%</b>                         |              |       |              |
| Sequa Corp. (b):   |              |       |              |
| 11.75%, 12/01/15   |              | 2,190 | 2,299,500    |
| 13.50%, 12/01/15   |              | 3,759 | 3,984,277    |
|  |              |       | 6,283,777    |
| <b>Insurance 1.0%</b>  |              |       |              |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)                |              | 1,600 | 1,654,000    |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (b)                |              | 339   | 370,781      |
| Genworth Financial, Inc., 7.63%, 9/24/21                     |              | 390   | 398,502      |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (b)            |              | 235   | 210,325      |
|  |              |       | 2,633,608    |
| <b>IT Services 3.1%</b>                                      |              |       |              |
| Ceridian Corp., 8.88%, 7/15/19 (b)                           |              | 1,355 | 1,453,237    |
| Epicor Software Corp., 8.63%, 5/01/19                        |              | 510   | 525,300      |
| First Data Corp.:  |              |       |              |
| 7.38%, 6/15/19 (b)   |              | 1,445 | 1,491,962    |
| 8.88%, 8/15/20 (b)   |              | 495   | 539,550      |
| 6.75%, 11/01/20 (b)  |              | 815   | 808,888      |
| 8.25%, 1/15/21 (b)   |              | 570   | 565,013      |
| 12.63%, 1/15/21  |              | 1,528 | 1,547,100    |
| SunGard Data Systems, Inc.:                                  |              |       |              |
| 7.38%, 11/15/18  |              | 500   | 531,250      |
| 7.63%, 11/15/20  |              | 550   | 589,875      |
|  |              |       | 8,052,175    |
| <b>Machinery 1.1%</b>  |              |       |              |
| SPX Corp., 6.88%, 9/01/17                                    |              | 160   | 177,600      |

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|  |       |           |
|--|-------|-----------|
| UR Merger Sub Corp. (b):                                 |       |           |
| 5.75%, 7/15/18   | 236   | 249,570   |
| 7.38%, 5/15/20   | 405   | 429,300   |
| 7.63%, 4/15/22   | 1,935 | 2,089,800 |
|  |       | 2,946,270 |
| <b>Media 13.1%</b>                                       |       |           |
| Affinion Group, Inc., 7.88%, 12/15/18                    | 745   | 532,675   |
| AMC Networks, Inc., 7.75%, 7/15/21                       | 205   | 232,163   |
| CCH II LLC, 13.50%, 11/30/16                             | 982   | 1,075,689 |
| CCO Holdings LLC:  |       |           |
| 6.50%, 4/30/21   | 431   | 462,247   |
| 5.25%, 9/30/22   | 900   | 891,000   |
| Cengage Learning Acquisitions, Inc., 11.50%, 4/15/20 (b) | 1,055 | 1,110,387 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

|  | Par     |  | Value      |
|--|---------|--|------------|
| Corporate Bonds  | (000)   |  |            |
| <b>Media (concluded)</b>   |         |  |            |
| Checkout Holding Corp., 16.00%, 11/15/15 (b)(d)                          | USD 615 |  | \$ 375,150 |
| Cinemark USA, Inc., 8.63%, 6/15/19                                       | 200     |  | 224,000    |
| Clear Channel Communications, Inc., 9.00%, 3/01/21                       | 409     |  | 350,718    |
| Clear Channel Worldwide Holdings, Inc.:                                  |         |  |            |
| Series A, 9.25%, 12/15/17  | 1,379   |  | 1,492,767  |
| Series B, 9.25%, 12/15/17  | 4,816   |  | 5,231,380  |
| Series B, 7.63%, 3/15/20   | 1,494   |  | 1,449,180  |
| Cox Enterprises, Inc. (b):   |         |  |            |
| Loan Close 2, 12.00%, 8/15/18  | 655     |  | 655,708    |
| Loan Close 3, 12.00%, 8/15/18  | 749     |  | 749,663    |
| Shares Loan, 12.00%, 8/15/18   | 773     |  | 773,166    |
| CSC Holdings LLC, 8.50%, 4/15/14   | 370     |  | 406,538    |
| DISH DBS Corp., 5.88%, 7/15/22 (b)                                       | 680     |  | 685,100    |
| Harron Communications LP, 9.13%, 4/01/20 (b)                             | 300     |  | 324,750    |
| Intelsat Jackson Holdings SA:  |         |  |            |
| 11.25%, 6/15/16  | 812     |  | 854,630    |
| 7.25%, 10/15/20 (b)  | 750     |  | 808,125    |
| Intelsat Luxembourg SA:  |         |  |            |
| 11.25%, 2/04/17  | 560     |  | 588,000    |
| 11.50%, 2/04/17 (c)  | 1,100   |  | 1,155,000  |
| Interactive Data Corp., 10.25%, 8/01/18                                  | 1,235   |  | 1,392,462  |
| The Interpublic Group of Cos., Inc., 10.00%, 7/15/17                     | 315     |  | 352,013    |
| Kabel Deutschland Vertrieb und Service GmbH & Co. KG, 6.50%, 6/29/18 (b) | EUR 315 |  | 426,913    |
| Lamar Media Corp., 5.88%, 2/01/22  | USD 130 |  | 137,800    |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b)                      | 675     |  | 722,250    |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (b)                      | 513     |  | 571,995    |
| Nielsen Finance LLC:   |         |  |            |
| 11.63%, 2/01/14  | 45      |  | 51,075     |
| 7.75%, 10/15/18  | 2,085   |  | 2,345,625  |
| Odeon & UCI Finco Plc, 9.00%, 8/01/18 (b)                                | GBP 189 |  | 297,853    |
| ProQuest LLC, 9.00%, 10/15/18 (b)  | USD 460 |  | 422,050    |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(c)(h)                          | 812     |  | 406        |
| Truven Health Analytics, Inc., 10.63%, 6/01/20 (b)                       | 470     |  | 501,725    |
| Unitymedia GmbH:   |         |  |            |
| 9.63%, 12/01/19  | EUR 158 |  | 223,326    |
| 9.63%, 12/01/19 (b)  | 530     |  | 749,130    |
| 9.50%, 3/15/21   | 385     |  | 552,654    |
| Unitymedia Hessen GmbH & Co. KG:   |         |  |            |
| 8.13%, 12/01/17 (b)  | USD 817 |  | 884,402    |
| 8.13%, 12/01/17 (b)  | EUR 122 |  | 165,536    |
| 7.50%, 3/15/19   | 722     |  | 994,404    |
| UPC Holding BV, 9.88%, 4/15/18 (b)                                       | USD 400 |  | 449,000    |
| UPCB Finance II Ltd.:  |         |  |            |
| 6.38%, 7/01/20 (b)   | EUR 753 |  | 989,744    |
| 6.38%, 7/01/20   | 300     |  | 394,320    |
| WaveDivision Escrow LLC/WaveDivision Escrow Corp., 8.13%, 9/01/20 (b)    | USD 275 |  | 283,250    |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)                                    | EUR 343 |  | 473,489    |
| Ziggo Finance BV, 6.13%, 11/15/17 (b)                                    | 56      |  | 75,191     |
|  |         |  | 33,884,649 |
| <b>Metals &amp; Mining 3.8%</b>  |         |  |            |
| Eco-Bat Finance Plc, 7.75%, 2/15/17                                      | 435     |  | 552,614    |
| FMG Resources August 2006 Property Ltd. (b):                             |         |  |            |

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|   |            |              |              |
|---|------------|--------------|--------------|
| 6.88%, 2/01/18  | USD        | 325          | 309,563      |
| 6.88%, 4/01/22  |            | 165          | 151,800      |
| Global Brass and Copper, Inc., 9.50%, 6/01/19 (b)                   |            | 275          | 289,438      |
| Goldcorp, Inc., 2.00%, 8/01/14 (e)                                  |            | 970          | 1,117,925    |
| Kaiser Aluminum Corp., 8.25%, 6/01/20 (b)                           |            | 205          | 217,300      |
| New Gold, Inc., 7.00%, 4/15/20 (b)                                  |            | 140          | 147,350      |
| New World Resources NV, 7.88%, 5/01/18                              | EUR        | 627          | 784,697      |
|   | <b>Par</b> |              |              |
| <b>Corporate Bonds</b>  |            | <b>(000)</b> | <b>Value</b> |
| <b>Metals &amp; Mining (concluded)</b>                              |            |              |              |
| Newmont Mining Corp., Series A, 1.25%, 7/15/14 (e)                  | USD        | 1,345        | \$ 1,709,831 |
| Novelis, Inc., 8.75%, 12/15/20                                      |            | 3,045        | 3,402,787    |
| Schmolz + Bickenbach Luxembourg SA, 9.88%, 5/15/19                  | EUR        | 295          | 299,624      |
| Steel Dynamics, Inc., 6.38%, 8/15/22 (b)                            | USD        | 225          | 232,875      |
| Taseko Mines Ltd., 7.75%, 4/15/19                                   |            | 385          | 366,713      |
| Vedanta Resources Plc, 8.25%, 6/07/21 (b)                           |            | 245          | 233,975      |
|   |            |              | 9,816,492    |
| <b>Multiline Retail 0.3%</b>  |            |              |              |
| Dollar General Corp., 4.13%, 7/15/17                                |            | 727          | 756,080      |
| <b>Oil, Gas &amp; Consumable Fuels 10.9%</b>                        |            |              |              |
| Access Midstream Partners LP, 6.13%, 7/15/22                        |            | 250          | 259,375      |
| Alpha Appalachia Holdings, Inc., 3.25%, 8/01/15 (e)                 |            | 746          | 669,535      |
| Alpha Natural Resources, Inc.:                                      |            |              |              |
| 6.00%, 6/01/19  |            | 290          | 261,000      |
| 6.25%, 6/01/21  |            | 240          | 214,800      |
| Aurora USA Oil & Gas, Inc., 9.88%, 2/15/17 (b)                      |            | 610          | 637,450      |
| Berry Petroleum Co., 6.38%, 9/15/22                                 |            | 375          | 399,375      |
| BreitBurn Energy Partners LP, 7.88%, 4/15/22 (b)                    |            | 235          | 239,700      |
| CCS, Inc., 11.00%, 11/15/15 (b)                                     |            | 520          | 538,200      |
| Chaparral Energy, Inc., 7.63%, 11/15/22 (b)                         |            | 205          | 216,788      |
| Chesapeake Energy Corp.:  |            |              |              |
| 7.25%, 12/15/18   |            | 15           | 15,713       |
| 6.63%, 8/15/20  |            | 165          | 169,538      |
| 6.88%, 11/15/20   |            | 160          | 166,000      |
| 6.13%, 2/15/21  |            | 545          | 540,912      |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b)                       |            | 103          | 109,695      |
| Concho Resources, Inc.:   |            |              |              |
| 7.00%, 1/15/21  |            | 150          | 167,250      |
| 6.50%, 1/15/22  |            | 100          | 108,000      |
| 5.50%, 10/01/22   |            | 430          | 443,975      |
| Consol Energy, Inc., 8.25%, 4/01/20                                 |            | 1,625        | 1,750,937    |
| Continental Resources, Inc., 7.13%, 4/01/21                         |            | 340          | 380,800      |
| Copano Energy LLC, 7.13%, 4/01/21                                   |            | 275          | 287,375      |
| Crosstex Energy LP:   |            |              |              |
| 8.88%, 2/15/18  |            | 165          | 176,138      |
| 7.13%, 6/01/22 (b)  |            | 140          | 139,300      |
| Crown Oil Partners IV LP, 15.00%, 3/07/15                           |            | 545          | 545,482      |
| Denbury Resources, Inc., 8.25%, 2/15/20                             |            | 42           | 47,670       |
| Energy XXI Gulf Coast, Inc.:  |            |              |              |
| 9.25%, 12/15/17   |            | 510          | 568,650      |
| 7.75%, 6/15/19  |            | 815          | 865,937      |
| EP Energy LLC/EP Energy Finance, Inc., 6.88%, 5/01/19 (b)           |            | 315          | 337,837      |
| EP Energy LLC/Everest Acquisition Finance, Inc., 7.75%, 9/01/22 (b) |            | 195          | 195,488      |
| EV Energy Partners LP, 8.00%, 4/15/19                               |            | 140          | 144,550      |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (b)                             |            | 690          | 759,000      |
| Holly Energy Partners LP, 6.50%, 3/01/20 (b)                        |            | 145          | 151,525      |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (b)                         |            | 320          | 340,000      |
| Linn Energy LLC:  |            |              |              |
| 6.50%, 5/15/19 (b)  |            | 90           | 89,550       |
| 6.25%, 11/01/19 (b)   |            | 1,865        | 1,841,687    |
| 8.63%, 4/15/20  |            | 205          | 221,400      |
| 7.75%, 2/01/21  |            | 185          | 192,863      |
| MarkWest Energy Partners LP:  |            |              |              |
| 6.25%, 6/15/22  |            | 75           | 79,688       |

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|  |     |         |
|--|-----|---------|
| 5.50%, 2/15/23                                 | 200 | 204,500 |
| Newfield Exploration Co., 6.88%, 2/01/20       | 715 | 781,137 |
| Northern Oil and Gas, Inc., 8.00%, 6/01/20 (b) | 285 | 290,700 |
| Oasis Petroleum, Inc.:                         |     |         |
| 7.25%, 2/01/19                                 | 240 | 253,200 |
| 6.50%, 11/01/21                                | 270 | 275,400 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |              |
|---|--------------|--------------|
| <b>Corporate Bonds</b>  | <b>(000)</b> | <b>Value</b> |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>            |              |              |
| Offshore Group Investments Ltd.:                              |              |              |
| 11.50%, 8/01/15 (b)   | USD 1,215    | \$ 1,342,575 |
| 11.50%, 8/01/15   | 300          | 331,500      |
| OGX Petroleo e Gas Participacoes SA (b):                      |              |              |
| 8.50%, 6/01/18  | 2,057        | 1,825,587    |
| 8.38%, 4/01/22  | 640          | 544,000      |
| PBF Holding Co. LLC, 8.25%, 2/15/20 (b)                       |              |              |
|   | 275          | 287,375      |
| PetroBakken Energy Ltd., 8.63%, 2/01/20 (b)                   |              |              |
|   | 1,105        | 1,129,862    |
| Petroleum Geo-Services ASA, 7.38%, 12/15/18 (b)               |              |              |
|   | 530          | 565,775      |
| Pioneer Natural Resources Co.:                                |              |              |
| 6.88%, 5/01/18  | 425          | 514,547      |
| 7.50%, 1/15/20  | 135          | 168,840      |
| Range Resources Corp.:  |              |              |
| 8.00%, 5/15/19  | 345          | 381,225      |
| 5.75%, 6/01/21  | 900          | 957,375      |
| 5.00%, 8/15/22  | 403          | 419,624      |
| Sabine Pass Liquefied Natural Gas LP, 7.50%, 11/30/16         |              |              |
|   | 560          | 599,200      |
| Samson Investment Co., 9.75%, 2/15/20 (b)                     |              |              |
|   | 78           | 80,340       |
| SandRidge Energy, Inc.:                                       |              |              |
| 7.50%, 3/15/21 (b)  | 630          | 637,875      |
| 7.50%, 3/15/21  | 230          | 232,875      |
| 8.13%, 10/15/22 (b)   | 235          | 245,575      |
| 7.50%, 2/15/23 (b)  | 515          | 517,575      |
| SESI LLC:   |              |              |
| 6.38%, 5/01/19  | 300          | 318,000      |
| 7.13%, 12/15/21   | 215          | 239,188      |
| SM Energy Co.:  |              |              |
| 6.63%, 2/15/19  | 120          | 125,400      |
| 6.50%, 11/15/21   | 240          | 250,800      |
| 6.50%, 1/01/23 (b)  | 115          | 119,888      |
| Vanguard Natural Resources, 7.88%, 4/01/20                    |              |              |
|   | 250          | 250,000      |
|   |              | 28,163,121   |
| <b>Paper &amp; Forest Products 1.3%</b>                       |              |              |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c)             |              |              |
|   | 372          | 338,190      |
| Boise Paper Holdings LLC:                                     |              |              |
| 9.00%, 11/01/17   | 55           | 60,913       |
| 8.00%, 4/01/20  | 105          | 116,025      |
| Clearwater Paper Corp.:                                       |              |              |
| 10.63%, 6/15/16   | 370          | 413,475      |
| 7.13%, 11/01/18   | 535          | 584,487      |
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (b)    |              |              |
|   | 315          | 326,025      |
| NewPage Corp., 11.38%, 12/31/14 (a)(h)                        |              |              |
|   | 1,935        | 1,310,962    |
| Sappi Papier Holding GmbH (b):                                |              |              |
| 8.38%, 6/15/19  | 200          | 210,500      |
| 6.63%, 4/15/21  | 120          | 111,000      |
|   |              | 3,471,577    |
| <b>Pharmaceuticals 1.0%</b>                                   |              |              |
| Capsugel Finance Co. SCA:                                     |              |              |
| 9.88%, 8/01/19 (b)  | EUR 200      | 281,118      |
| 9.88%, 8/01/19  | 100          | 140,559      |
| Pharmaceutical Product Development, Inc., 9.50%, 12/01/19 (b) |              |              |
|   | USD 160      | 178,400      |

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|   |              |              |
|---|--------------|--------------|
| Spectrum Brands, Inc., 6.75%, 3/15/20 (b)                           | 240          | 252,000      |
| Valeant Pharmaceuticals International (b):                          |              |              |
| 6.50%, 7/15/16  | 1,140        | 1,202,700    |
| 6.75%, 8/15/21  | 520          | 527,800      |
|   |              | 2,582,577    |
| <b>Professional Services 0.4%</b>                                   |              |              |
| FTI Consulting, Inc., 6.75%, 10/01/20                               | 850          | 907,375      |
|   | <b>Par</b>   |              |
|   |              |              |
| <b>Corporate Bonds</b>  | <b>(000)</b> | <b>Value</b> |
| <b>Real Estate Investment Trusts (REITs) 0.7%</b>                   |              |              |
| Felcor Lodging LP, 6.75%, 6/01/19                                   | USD 1,110    | \$ 1,190,475 |
| The Rouse Co. LP, 6.75%, 11/09/15                                   | 480          | 505,800      |
|   |              | 1,696,275    |
| <b>Real Estate Management &amp; Development 2.3%</b>                |              |              |
| CBRE Services, Inc., 6.63%, 10/15/20                                | 310          | 338,675      |
| Crescent Resources LLC/Crescent Ventures, Inc., 10.25%, 8/15/17 (b) | 650          | 666,250      |
| Forest City Enterprises, Inc., 7.63%, 6/01/15                       | 392          | 389,795      |
| Realogy Corp.:  |              |              |
| 11.50%, 4/15/17   | 360          | 382,500      |
| 12.00%, 4/15/17   | 90           | 94,275       |
| 7.88%, 2/15/19 (b)  | 1,895        | 1,951,850    |
| 7.63%, 1/15/20 (b)  | 465          | 506,850      |
| 9.00%, 1/15/20 (b)  | 305          | 329,400      |
| Shea Homes LP, 8.63%, 5/15/19                                       | 1,145        | 1,273,812    |
|   |              | 5,933,407    |
| <b>Road &amp; Rail 1.3%</b>   |              |              |
| Florida East Coast Railway Corp., 8.13%, 2/01/17                    | 410          | 430,500      |
| The Hertz Corp.:  |              |              |
| 7.50%, 10/15/18   | 505          | 544,769      |
| 6.75%, 4/15/19 (b)  | 265          | 278,250      |
| 7.38%, 1/15/21  | 380          | 413,250      |
| Hertz Holdings Netherlands BV:                                      |              |              |
| 8.50%, 7/31/15  | EUR 172      | 234,730      |
| 8.50%, 7/31/15 (b)  | 1,031        | 1,407,019    |
|   |              | 3,308,518    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.2%</b>            |              |              |
| Spansion LLC, 7.88%, 11/15/17                                       | USD 540      | 526,500      |
| <b>Software 1.3%</b>  |              |              |
| Audatex North America, Inc., 6.75%, 6/15/18 (b)                     | 480          | 514,800      |
| Infor US, Inc., 9.38%, 4/01/19 (b)                                  | 1,520        | 1,645,400    |
| Nuance Communications, Inc., 5.38%, 8/15/20 (b)                     | 805          | 823,112      |
| Sophia LP, 9.75%, 1/15/19 (b)                                       | 408          | 438,600      |
|   |              | 3,421,912    |
| <b>Specialty Retail 2.8%</b>  |              |              |
| Asbury Automotive Group, Inc., 8.38%, 11/15/20                      | 335          | 370,175      |
| Claire's Stores, Inc., 9.00%, 3/15/19 (b)                           | 450          | 466,875      |
| House of Fraser Funding Plc, 8.88%, 8/15/18                         | GBP 480      | 677,377      |
| Limited Brands, Inc.:   |              |              |
| 8.50%, 6/15/19  | USD 745      | 894,000      |
| 5.63%, 2/15/22  | 150          | 157,875      |
| Party City Holdings, Inc., 8.88%, 8/01/20 (b)                       | 729          | 770,917      |
| Penske Automotive Group, Inc.,                                      |              |              |
| 5.75%, 10/01/22 (b)   | 495          | 504,900      |
| Phones4u Finance Plc, 9.50%, 4/01/18 (b)                            | GBP 370      | 566,942      |
| QVC, Inc. (b):  |              |              |
| 7.13%, 4/15/17  | USD 210      | 222,122      |
| 7.50%, 10/01/19   | 565          | 626,028      |
| 7.38%, 10/15/20   | 270          | 300,853      |
| 5.13%, 7/02/22  | 392          | 410,872      |
| Sally Holdings LLC:   |              |              |

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|  |     |           |
|--|-----|-----------|
| 6.88%, 11/15/19                                  | 500 | 558,750   |
| 5.75%, 6/01/22                                   | 400 | 430,500   |
| Sonic Automotive, Inc., 9.00%, 3/15/18           | 345 | 376,913   |
|  |     | 7,335,099 |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b> |     |           |
| Levi Strauss & Co., 6.88%, 5/01/22               | 400 | 415,000   |
| <b>Trading Companies &amp; Distributors 0.6%</b> |     |           |
| Ashtead Capital, Inc., 6.50%, 7/15/22 (b)        | 455 | 473,200   |
| Doric Nimrod Air Finance Alpha Ltd. (b):         |     |           |
| Series 2012-1, Class A, 5.13%, 11/30/24          | 550 | 558,250   |
| Series 2012-1, Class B, 6.50%, 5/30/21           | 530 | 536,265   |
|  |     | 1,567,715 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value              |
|--|--------------|--------------------|
| <b>Corporate Bonds</b>   |              |                    |
| <b>Transportation Infrastructure 0.2%</b>                      |              |                    |
| Aguila 3 SA, 7.88%, 1/31/18 (b)                                | USD 398      | \$ 419,393         |
| <b>Wireless Telecommunication Services 4.2%</b>                |              |                    |
| Cricket Communications, Inc.:                                  |              |                    |
| 7.75%, 5/15/16   | 226          | 238,430            |
| 7.75%, 10/15/20  | 205          | 198,850            |
| Digicel Group Ltd. (b):  |              |                    |
| 9.13%, 1/15/15   | 1,711        | 1,727,738          |
| 8.25%, 9/01/17   | 1,135        | 1,203,100          |
| 10.50%, 4/15/18  | 900          | 972,000            |
| Matterhorn Mobile Holdings SA, 8.25%, 2/15/20                  | EUR 190      | 258,698            |
| MetroPCS Wireless, Inc., 6.63%, 11/15/20                       | USD 710      | 734,850            |
| NII Capital Corp., 7.63%, 4/01/21                              | 324          | 250,290            |
| SBA Telecommunications, Inc., 5.75%, 7/15/20 (b)               | 262          | 273,790            |
| Sprint Capital Corp., 6.88%, 11/15/28                          | 1,876        | 1,697,780          |
| Sprint Nextel Corp. (b):                                       |              |                    |
| 9.00%, 11/15/18  | 1,590        | 1,876,200          |
| 7.00%, 3/01/20   | 1,220        | 1,335,900          |
|  |              | 10,767,626         |
| <b>Total Corporate Bonds 105.7%</b>                            |              | <b>273,331,003</b> |
| <b>Floating Rate Loan Interests (f)</b>                        |              |                    |
| <b>Airlines 0.2%</b>   |              |                    |
| Delta Air Lines, Inc., Credit Term Loan B,<br>5.50%, 4/20/17   | 395          | 397,607            |
| <b>Auto Components 0.5%</b>                                    |              |                    |
| Federal-Mogul Corp., Term Loan B,<br>2.17% 2.18%, 12/29/14     | 895          | 854,406            |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                    | 360          | 361,051            |
|  |              | 1,215,457          |
| <b>Building Products 0.1%</b>                                  |              |                    |
| Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/30/17 | 318          | 322,360            |
| <b>Capital Markets 0.7%</b>                                    |              |                    |
| American Capital Holdings, Term Loan,<br>5.50%, 7/19/16        | 743          | 745,786            |
| Nuveen Investments, Inc.:                                      |              |                    |
| Incremental Term Loan, 7.25%, 5/13/17                          | 600          | 602,700            |
| Second Lien Term Loan, 8.25%, 2/28/19                          | 380          | 382,375            |
|  |              | 1,730,861          |
| <b>Chemicals 0.6%</b>  |              |                    |
| Evergreen Acqco 1 LP, Term Loan B,<br>6.25%, 7/09/19           | 155          | 156,454            |
| INEOS US Finance LLC, 6 Year Term Loan,<br>6.50%, 5/04/18      | 1,047        | 1,048,904          |
| PQ Corp., Term Loan B, 3.98%, 7/30/14                          | 313          | 307,178            |
|  |              | 1,512,536          |
| <b>Communications Equipment 0.8%</b>                           |              |                    |
| Avaya, Inc., Term Loan B1, 3.18%, 10/24/14                     | 229          | 219,639            |

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|  |              |              |
|--|--------------|--------------|
| Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19                                     | 1,905        | 1,932,985    |
|  |              | 2,152,624    |
| <b>Construction &amp; Engineering 0.7%</b>                                       |              |              |
| Safeway Services LLC, Mezzanine Loan, 15.63%, 12/16/17                           | 1,750        | 1,750,000    |
| <b>Construction Materials 0.4%</b>   |              |              |
| HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17                                  | 1,045        | 1,067,645    |
|  | <b>Par</b>   |              |
| <b>Floating Rate Loan Interests (f)</b>  | <b>(000)</b> | <b>Value</b> |
| <b>Consumer Finance 1.5%</b>   |              |              |
| Springleaf Financial Funding Co., Term Loan, 5.50%, 5/10/17                      | USD 3,940    | \$ 3,805,055 |
| <b>Diversified Consumer Services 0.1%</b>  |              |              |
| Laureate Education, Inc., Extended Term Loan, 5.25%, 6/18/18                     | 134          | 131,018      |
| ServiceMaster Co.:   |              |              |
| Delayed Draw Term Loan, 2.74%, 7/24/14   | 8            | 7,539        |
| Term Loan, 2.75% 2.97%, 7/24/14  | 76           | 75,702       |
|  |              | 214,259      |
| <b>Diversified Financial Services 0.5%</b>                                       |              |              |
| Residential Capital LLC:   |              |              |
| DIP Term Loan A1, 5.00%, 11/18/13  | 1,150        | 1,152,875    |
| DIP Term Loan A2, 6.75%, 11/18/13  | 170          | 171,984      |
|  |              | 1,324,859    |
| <b>Diversified Telecommunication Services 0.5%</b>                               |              |              |
| Level 3 Financing, Inc.:   |              |              |
| 2016 Term Loan B, 4.75%, 2/01/16   | 645          | 646,290      |
| 2019 Term Loan B, 5.25%, 8/01/19   | 530          | 530,774      |
|  |              | 1,177,064    |
| <b>Electronic Equipment, Instruments &amp; Components 0.1%</b>                   |              |              |
| CDW LLC, Extended Term Loan, 4.00%, 7/14/17                                      | 251          | 247,978      |
| <b>Energy Equipment &amp; Services 1.0%</b>                                      |              |              |
| Dynegy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16                | 1,325        | 1,374,396    |
| Dynegy Power LLC, Gas Co. Term Loan,<br>9.25%, 8/04/16                           | 963          | 1,007,771    |
| Tervita Corp., Incremental Term Loan, 6.50%, 10/17/14                            | 249          | 248,544      |
|  |              | 2,630,711    |
| <b>Food &amp; Staples Retailing 0.0%</b>   |              |              |
| US Foods, Inc.(FKA U.S. Foodservice, Inc.), Extended Term Loan B, 5.75%, 3/31/17 | 69           | 66,935       |
| <b>Food Products 0.1%</b>  |              |              |
| Advance Pierre Foods, Term Loan (Second Lien), 11.75%, 9/29/17                   | 200          | 201,200      |
| <b>Health Care Equipment &amp; Supplies 0.3%</b>                                 |              |              |
| Bausch & Lomb, Inc., Term Loan B,<br>5.25%, 5/17/19                              | 440          | 441,465      |
| LHP Hospital Group, Inc., Term Loan,<br>9.00%, 7/03/18                           | 260          | 261,950      |
|  |              | 703,415      |
| <b>Health Care Providers &amp; Services 0.5%</b>                                 |              |              |
| Harden Healthcare LLC:   |              |              |
| Add on Term Loan A, 7.75%, 3/02/15   | 369          | 357,628      |
| Term Loan A, 8.50%, 3/02/15  | 323          | 316,806      |
| inVentiv Health, Inc., Combined Term Loan, 6.50%, 8/04/16                        | 698          | 649,917      |
|  |              | 1,324,351    |
| <b>Hotels, Restaurants &amp; Leisure 1.2%</b>                                    |              |              |
| Caesars Entertainment Operating Co., Inc.:                                       |              |              |
| Extended Term Loan B6, 5.49%, 1/26/18  | 185          | 162,626      |
| Incremental Term Loan B4, 9.50%, 10/31/16  | 448          | 456,533      |
| Term Loan B1, 3.24%, 1/28/15   | 371          | 352,042      |
| Term Loan B2, 3.24%, 1/28/15   | 409          | 388,020      |
| Term Loan B3, 3.24% 3.46%, 1/28/15   | 895          | 848,628      |

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### OSI Restaurant Partners LLC:

|  |    |        |
|--|----|--------|
| Revolver, 2.49% 4.50%, 6/14/13                                 | 9  | 8,463  |
| Term Loan B, 2.56%, 6/14/14                                    | 86 | 85,297 |
| Sabre, Inc., Non Extended Initial Term Loan,<br>2.23%, 9/30/14 | 57 | 56,665 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Floating Rate Loan Interests (f)</b>                            |              |            |
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>               |              |            |
| Station Casinos, Inc., Term Loan B1, 3.23%, 6/17/16                | USD<br>785   | \$ 746,113 |
| Travelport LLC:  |              |            |
| Extended Tranche A Term Loan,<br>6.44%, 9/28/12                    | 177          | 53,166     |
| Extended Tranche B Term Loan,<br>13.94%, 12/01/16                  | 571          | 45,708     |
|  |              | 3,203,261  |
| <b>Industrial Conglomerates 0.1%</b>                               |              |            |
| Sequa Corp.:   |              |            |
| Incremental Term Loan, 6.25%, 12/03/14                             | 164          | 163,986    |
| Term Loan, 3.69% 3.72%, 12/03/14                                   | 140          | 139,038    |
|  |              | 303,024    |
| <b>IT Services 0.3%</b>  |              |            |
| Ceridian Corp., Extended Term Loan,<br>5.99%, 5/09/17              | 62           | 62,323     |
| First Data Corp., 2018 Term Loan B,<br>4.24%, 3/23/18              | 720          | 679,802    |
|  |              | 742,125    |
| <b>Leisure Equipment &amp; Products 0.2%</b>                       |              |            |
| Eastman Kodak Co., DIP Term Loan B,<br>8.50%, 7/19/13              | 600          | 594,453    |
| <b>Machinery 0.5%</b>  |              |            |
| Navistar International Corp., Term Loan B,<br>7.00%, 8/17/17       | 620          | 623,175    |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18                         | 542          | 544,406    |
|  |              | 1,167,581  |
| <b>Media 4.7%</b>  |              |            |
| Affinion Group, Inc., Term Loan B, 5.00%, 7/15/15                  | 40           | 33,616     |
| Cengage Learning Acquisitions, Inc.:                               |              |            |
| Non-Extended Term Loan, 2.49%, 7/03/14                             | 293          | 270,168    |
| Tranche 1 Incremental, Term Loan,<br>7.50%, 7/03/14                | 1,432        | 1,386,000  |
| Cequel Communications LLC, Term Loan B, 4.00%, 2/14/19             | 399          | 398,170    |
| Clear Channel Communications, Inc.:                                |              |            |
| Term Loan B, 3.88%, 1/28/16  | 1,774        | 1,373,868  |
| Term Loan C, 3.88%, 1/28/16  | 348          | 264,946    |
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18          | 400          | 402,700    |
| Intelsat Jackson Holdings SA, Tranche B Term Loan, 5.25%, 4/02/18  | 5,706        | 5,724,099  |
| Interactive Data Corp., Term Loan B,<br>4.50%, 2/12/18             | 379          | 379,596    |
| Newsday LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13              | 1,375        | 1,382,452  |
| Thomson Reuters (Healthcare), Inc., Term Loan B, 6.75%, 6/06/19    | 345          | 347,443    |
| Univision Communications, Inc., Extended Term Loan, 4.48%, 3/31/17 | 279          | 269,452    |
|  |              | 12,232,510 |

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|   |                                  |              |
|---|----------------------------------|--------------|
| <b>Metals &amp; Mining</b> 0.2%   |                                  |              |
| Constellium Holding Co. BV, Term Loan B, 9.25%, 5/25/18                 | 390                              | 382,200      |
| <b>Multiline Retail</b> 0.5%  |                                  |              |
| HEMA Holding BV, Mezzanine, 8.64%, 7/05/17                              | EUR 1,154                        | 1,205,001    |
| <b>Oil, Gas &amp; Consumable Fuels</b> 0.8%                             |                                  |              |
| Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17           | USD 1,090                        | 1,092,343    |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15                  | 926                              | 926,279      |
|   |                                  | 2,018,622    |
|   | <b>Par</b>                       |              |
| <b>Floating Rate Loan Interests (f)</b>                                 | <b>(000)</b>                     | <b>Value</b> |
| <b>Paper &amp; Forest Products</b> 0.4%                                 |                                  |              |
| Ainsworth Lumber Co. Ltd., Term Loan, 5.25%, 6/26/14 (g)                | USD 360                          | \$ 348,300   |
| Verso Paper Finance Holdings LLC, Term Loan, 6.49% 7.24%, 2/01/13       | 1,420                            | 710,209      |
|   |                                  | 1,058,509    |
| <b>Pharmaceuticals</b> 0.1%   |                                  |              |
| Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18  | 288                              | 291,496      |
| <b>Real Estate Investment Trusts (REITs)</b> 0.5%                       |                                  |              |
| iStar Financial, Inc.:  |                                  |              |
| Term Loan A1, 5.00%, 6/28/13  | 1,388                            | 1,389,104    |
| Term Loan A2, 7.00%, 6/30/14  | 5                                | 5,005        |
|   |                                  | 1,394,109    |
| <b>Real Estate Management &amp; Development</b> 0.4%                    |                                  |              |
| Realogy Corp.:  |                                  |              |
| Extended Letter of Credit Loan, 4.50%, 10/10/16                         | 104                              | 99,974       |
| Extended Term Loan, 4.49%, 10/10/16                                     | 689                              | 664,920      |
| Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17              | 170                              | 169,150      |
|   |                                  | 934,044      |
| <b>Semiconductors &amp; Semiconductor Equipment</b> 0.0%                |                                  |              |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 65                               | 65,443       |
| <b>Software</b> 0.4%  |                                  |              |
| Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18 | 1,127                            | 1,138,762    |
| <b>Specialty Retail</b> 0.1%  |                                  |              |
| Claire's Stores, Inc., Term Loan B, 2.98% 3.20%, 5/29/14                | 356                              | 349,553      |
| <b>Textiles, Apparel &amp; Luxury Goods</b> 0.4%                        |                                  |              |
| Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18           | 1,047                            | 1,037,771    |
| <b>Wireless Telecommunication Services</b> 0.0%                         |                                  |              |
| Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19           | 54                               | 54,320       |
| <b>Total Floating Rate Loan Interests</b> 19.4%                         |                                  | 50,017,701   |
|   | <b>Beneficial Interest (000)</b> |              |
| <b>Other Interests (i)</b>  |                                  |              |
| <b>Chemicals</b> 0.0%   |                                  |              |
| Wellman Holdings, Inc., Litigation Trust Certificate                    | 2,650                            | 26           |
| <b>Media</b> 0.0%   |                                  |              |
| Adelphia Escrow (a)   | 700                              | 7            |
| Adelphia Recovery Trust (a)   | 878                              | 88           |
|   |                                  | 95           |
| <b>Total Other Interests</b> 0.0%                                       |                                  | 121          |
| <b>Preferred Securities</b>   | <b>Par</b>                       |              |
| <b>Capital Trusts</b> 0.2%  | <b>(000)</b>                     |              |

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**Insurance 0.2%**

|   |     |         |
|---|-----|---------|
| Genworth Financial, Inc., 6.15%, 11/15/66 (f) | 790 | 474,000 |
|---|-----|---------|

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments**  
(continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

| Preferred Stocks   | Shares           | Value          |
|--|------------------|----------------|
| <b>Auto Components 0.4%</b>  |                  |                |
| Dana Holding Corp., 4.00% (b)(e)   | 7,570            | \$ 884,744     |
| <b>Diversified Financial Services 1.4%</b>   |                  |                |
| Ally Financial, Inc., 7.00% (b)  | 4,023            | 3,663,319      |
| <b>Total Preferred Stocks 1.8%</b>   |                  | 4,548,063      |
| <b>Trust Preferreds</b>  |                  |                |
| <b>Diversified Financial Services 0.8%</b>   |                  |                |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (b)   | 70,660           | 1,746,206      |
| RBS Capital Funding Trust VII, 6.08% (a)(f)(h)(j)  | 26,500           | 454,210        |
| <b>Total Trust Preferreds 0.8%</b>   |                  | 2,200,416      |
| <b>Total Preferred Securities 2.8%</b>   |                  | 7,222,479      |
| <b>Warrants (k)</b>  |                  |                |
| <b>Health Care Providers &amp; Services 0.0%</b>   |                  |                |
| HealthSouth Corp. (Expires 1/16/14)  | 29,930           |                |
| <b>Media 0.0%</b>  |                  |                |
| New Vision Holdings LLC (Expires 9/30/14)  | 15               |                |
| <b>Software 0.0%</b>   |                  |                |
| Bankruptcy Management Solutions, Inc. (Expires 9/28/17)  | 312              |                |
| HMH Holdings/EduMedia (Issued/Exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$42.27) | 1,070            |                |
| <b>Total Warrants 0.0%</b>   |                  |                |
| <b>Total Long-Term Investments (Cost \$345,014,624) 136.0%</b>   |                  | 351,637,724    |
| <b>Options Purchased</b>   | <b>Contracts</b> |                |
| <b>Over-the-Counter Call Options 0.0%</b>  |                  |                |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/14/19, Broker Goldman Sachs Group, Inc.        | 17               |                |
| <b>Total Options Purchased (Cost \$16,622) 0.0%</b>  |                  |                |
| <b>Total Investments (Cost \$345,031,246) 136.0%</b>   |                  | 351,637,724    |
| <b>Liabilities in Excess of Other Assets (36.0%)</b>   |                  | (93,146,505)   |
| <b>Net Assets 100.0%</b>   |                  | \$ 258,491,219 |

(a) Non-income producing security.

(b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. 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 par/shares.

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(d) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(e) Convertible security.

(f) Variable rate security. Rate shown is as of report date.

(g) When-issued security. Unsettled when-issued transaction was as follows:

| Counterparty              | Value        | Unrealized<br>Appreciation |
|---------------------------|--------------|----------------------------|
| Goldman Sachs Group, Inc. | \$ 1,851,863 | \$ 15,413                  |

(h) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.

(i) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(j) Security is perpetual in nature and has no stated maturity date.

(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.

Investments in issuers considered to be an affiliate of the Fund during the six months ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, as amended, were as follows:

| Affiliate  | Shares<br>Held at<br>February 29,<br>2012 | Net<br>Activity | Shares<br>Held at<br>August 31,<br>2012 | Income   |
|--|---|-----------------|---|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 2,264,805                                 | (2,264,805)     |   | \$ 1,117 |

Financial futures contracts sold as of August 31, 2012 were as follows:

| Contracts | Issue                   | Exchange              | Expiration        | Notional<br>Value | Unrealized<br>Depreciation |
|-----------|-------------------------|-----------------------|-------------------|-------------------|----------------------------|
| 108       | S&P 500<br>Index E-Mini | Chicago<br>Mercantile | September<br>2012 | \$ 7,587,540      | \$ (522,208)               |

Foreign currency exchange contracts as of August 31, 2012 were as follows:

| Currency<br>Purchased | Currency Sold | Counter<br>party | Settle<br>ment<br>Date | Unrealized<br>Appreci<br>ation<br>(Depreci<br>ation) |
|-----------------------|---------------|------------------|------------------------|--|
|-----------------------|---------------|------------------|------------------------|--|

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|              |            |     |            |                                  |          |    |                  |
|--------------|------------|-----|------------|----------------------------------|----------|----|------------------|
| GBP          | 103,000    | USD | 159,655    | Credit Suisse Group AG           | 10/17/12 | \$ | 3,869            |
| GBP          | 148,000    | USD | 232,085    | UBS AG                           | 10/17/12 |    | 2,883            |
| USD          | 68,178     | AUD | 67,500     | Citigroup, Inc.                  | 10/17/12 |    | (1,288)          |
| USD          | 119,010    | AUD | 117,000    | UBS AG                           | 10/17/12 |    | (1,396)          |
| USD          | 2,596,553  | CAD | 2,637,000  | UBS AG                           | 10/17/12 |    | (76,153)         |
| USD          | 145,793    | GBP | 93,000     | Deutsche Bank AG                 | 10/17/12 |    | (1,855)          |
| USD          | 3,797,156  | GBP | 2,446,000  | UBS AG                           | 10/17/12 |    | (86,155)         |
| USD          | 92,521     | GBP | 59,000     | UBS AG                           | 10/17/12 |    | (1,149)          |
| USD          | 86,393     | GBP | 55,000     | UBS AG                           | 10/17/12 |    | (926)            |
| EUR          | 50,000     | USD | 61,834     | Citigroup, Inc.                  | 10/22/12 |    | 1,088            |
| EUR          | 181,000    | USD | 221,660    | UBS AG                           | 10/22/12 |    | 6,120            |
| EUR          | 699,000    | USD | 867,358    | UBS AG                           | 10/22/12 |    | 12,297           |
| USD          | 18,786,611 | EUR | 15,323,500 | Citigroup, Inc.                  | 10/22/12 |    | (497,226)        |
| USD          | 222,494    | EUR | 181,000    | Citigroup, Inc.                  | 10/22/12 |    | (5,285)          |
| USD          | 385,156    | EUR | 310,000    | Citigroup, Inc.                  | 10/22/12 |    | (4,963)          |
| USD          | 126,569    | EUR | 102,000    | Royal Bank of Scotland Group Plc | 10/22/12 |    | (1,792)          |
| USD          | 512,701    | EUR | 415,000    | UBS AG                           | 10/22/12 |    | (9,556)          |
| USD          | 260,389    | EUR | 211,000    | UBS AG                           | 10/22/12 |    | (5,144)          |
| USD          | 224,679    | EUR | 182,000    | UBS AG                           | 10/22/12 |    | (4,358)          |
| USD          | 126,612    | EUR | 103,000    | UBS AG                           | 10/22/12 |    | (3,009)          |
| <b>Total</b> |            |     |            |                                  |          | \$ | <b>(673,998)</b> |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

Credit default swaps on single-name issues - buy protection outstanding as of August 31, 2012 were as follows:

| Issuer                    | Pay Fixed Rate | Counter party    | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|---------------------------|----------------|------------------|-----------------|-----------------------|--|
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 95                 | \$ (7,042)                             |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 80                 | (6,570)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 155                | (11,042)                               |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 85                 | (4,339)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 80                 | (4,585)                                |
| Republic of Hungary       | 1.00%          | Deutsche Bank AG | 12/20/15        | \$ 280                | 5,093                                  |
| Israel (State of)         | 1.00%          | Deutsche Bank AG | 3/20/17         | \$ 210                | (4,707)                                |
| Israel Government Bond    | 1.00%          | Deutsche Bank AG | 3/20/17         | \$ 625                | (14,401)                               |
| <b>Total</b>              |                |                  |                 |                       | \$ (47,593)                            |

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2012 were as follows:

| Issuer                           | Receive Fixed Rate | Counter party             | Expiration Date | Issuer Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|----------------------------------|--------------------|---------------------------|-----------------|-----------------------------------|------------------------------------|--|
| Air Lease Corp.                  | 5.00%              | Goldman Sachs Group, Inc. | 2/14/13         | NR                                | \$ 500                             | \$ 8,290                               |
| CIT Group, Inc.                  | 5.00%              | Deutsche Bank AG          | 9/20/15         | BB-                               | \$ 3,100                           | 403,195                                |
| ARAMARK Corp.                    | 5.00%              | Goldman Sachs Group, Inc. | 3/20/16         | B                                 | \$ 500                             | 41,882                                 |
| ARAMARK Corp.                    | 5.00%              | Goldman Sachs Group, Inc. | 6/20/16         | B                                 | \$ 300                             | 25,338                                 |
| ARAMARK Corp.                    | 5.00%              | Goldman Sachs Group, Inc. | 6/20/16         | B                                 | \$ 300                             | 27,000                                 |
| ARAMARK Corp.                    | 5.00%              | Credit Suisse Group AG    | 9/20/16         | B                                 | \$ 125                             | 14,933                                 |
| ARAMARK Corp.                    | 5.00%              | Goldman Sachs Group, Inc. | 9/20/16         | B                                 | \$ 350                             | 30,667                                 |
| ARAMARK Corp.                    | 5.00%              | Goldman Sachs Group, Inc. | 9/20/16         | B                                 | \$ 125                             | 14,522                                 |
| ARAMARK Corp.                    | 5.00%              | Deutsche Bank AG          | 3/20/17         | B                                 | \$ 185                             | 12,212                                 |
| Crown Castle International Corp. | 7.25%              | Deutsche Bank AG          | 3/20/17         | B                                 | \$ 430                             | 6,129                                  |
| Ford Motor Co.                   | 5.00%              | Deutsche Bank AG          | 3/20/17         | BB+                               | \$ 1,300                           | 57,262                                 |
| Hertz Corp.                      | 5.00%              | Citigroup, Inc.           | 6/20/17         | B                                 | \$ 165                             | (5,451)                                |
| Goodyear Tire & Rubber Co.       | 5.00%              | Deutsche Bank AG          | 6/20/17         | B+                                | \$ 290                             | 13,513                                 |
| Goodyear Tire & Rubber Co.       | 5.00%              | Goldman Sachs Group, Inc. | 6/20/17         | B+                                | \$ 300                             | 10,572                                 |

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|                              |       |                           |         |    |          |                   |
|------------------------------|-------|---------------------------|---------|----|----------|-------------------|
| CCO Holdings LLC             | 8.00% | Deutsche Bank AG          | 9/20/17 | BB | \$ 1,500 | 122,198           |
| Level 3 Communications, Inc. | 5.00% | Goldman Sachs Group, Inc. | 6/20/19 | B  | \$ 900   | 24,602            |
| <b>Total</b>                 |       |                           |         |    |          | <b>\$ 806,864</b> |

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

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

Credit default swaps on traded indexes buy protection outstanding as of August 31, 2012 were as follows:

| Index  | Pay Fixed Rate | Counter party          | Expiration Date | Notional Amount (000) | Unrealized Depreciation |
|--|----------------|------------------------|-----------------|-----------------------|-------------------------|
| Dow Jones CDX North America High Yield Series 18 | 5.00%          | Credit Suisse Group AG | 6/20/17         | \$ 1,683              | \$ (5,458)              |

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. These definitions 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 derivative financial instrument. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted 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 derivative financial instrument)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments  
(continued)****BlackRock Corporate High Yield Fund, Inc. (COY)**

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2012:

|                              | Level 1              | Level 2               | Level 3              | Total                 |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                      |                       |                      |                       |
| Investments:                 |                      |                       |                      |                       |
| Long-Term Investments:       |                      |                       |                      |                       |
| Common Stocks                | \$ 16,544,041        | \$ 668,526            | \$ 3,853,853         | \$ 21,066,420         |
| Corporate Bonds              |                      | 269,237,177           | 4,093,826            | 273,331,003           |
| Floating Rate Loan Interests |                      | 42,446,578            | 7,571,123            | 50,017,701            |
| Other Interests              | 88                   |                       | 33                   | 121                   |
| Preferred Securities         | 2,200,416            | 5,022,063             |                      | 7,222,479             |
| <b>Total</b>                 | <b>\$ 18,744,545</b> | <b>\$ 317,374,344</b> | <b>\$ 15,518,835</b> | <b>\$ 351,637,724</b> |

|   | Level 1             | Level 2             | Level 3           | Total               |
|---|---------------------|---------------------|-------------------|---------------------|
| Derivative Financial Instruments <sup>1</sup> |                     |                     |                   |                     |
| <b>Assets:</b>                                |                     |                     |                   |                     |
| Credit contracts                              |                     | \$ 277,596          | \$ 539,812        | \$ 817,408          |
| Foreign currency exchange contracts           |                     | 26,257              |                   | 26,257              |
| <b>Liabilities:</b>                           |                     |                     |                   |                     |
| Credit contracts                              |                     | (63,595)            |                   | (63,595)            |
| Equity contracts                              | \$ (522,208)        |                     |                   | (522,208)           |
| Foreign currency exchange contracts           |                     | (700,255)           |                   | (700,255)           |
| <b>Total</b>                                  | <b>\$ (522,208)</b> | <b>\$ (459,997)</b> | <b>\$ 539,812</b> | <b>\$ (442,393)</b> |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value. Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1             | Level 2                | Level 3 | Total                  |
|--|---------------------|------------------------|---------|------------------------|
| <b>Assets:</b>   |                     |                        |         |                        |
| Cash   | \$ 1,506,487        |                        |         | \$ 1,506,487           |
| Cash pledged as collateral for financial futures contracts | 432,000             |                        |         | 432,000                |
| Foreign currency at value                                  | 260,020             |                        |         | 260,020                |
| <b>Liabilities:</b>  |                     |                        |         |                        |
| Cash received as collateral for swaps                      |                     | \$ (600,000)           |         | (600,000)              |
| Loan payable   |                     | (98,000,000)           |         | (98,000,000)           |
| <b>Total</b>   | <b>\$ 2,198,507</b> | <b>\$ (98,600,000)</b> |         | <b>\$ (96,401,493)</b> |

As of February 29, 2012, the Fund used observable inputs in determining the value of certain equity securities. During the year, the Fund began valuing these securities using unadjusted price quotations from an exchange. As a result, investments with a beginning of period value of \$6,894,626 transferred from Level 2 to Level 1 in the disclosure hierarchy.

See Notes to Consolidated Financial Statements.

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**Consolidated Schedule of Investments (continued)**

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

The following table summarizes the valuation techniques used and unobservable inputs developed by the BlackRock Global Valuation Methodologies Committee ( Global Valuation Committee ) to determine the fair value of certain of the Fund's Level 3 investments as of August 31, 2012:

|                              |                      |                             |                                  | Range of<br>Unobservable | Weighted<br>Average of<br>Unobservable |
|------------------------------|----------------------|-----------------------------|----------------------------------|--------------------------|--|
|                              | Value                | Valuation Techniques        | Unobservable Inputs <sup>1</sup> | Inputs                   | Inputs <sup>2</sup>                    |
| <b>Assets:</b>               |                      |                             |                                  |                          |  |
| Common Stocks                | \$ 3,853,848         | Market Comparable Companies | EBITDA Multiple                  | 5.9x                     | 5.9x                                   |
|                              |                      |                             | Forward EBITDA Multiple          | 4.6x                     | 4.6x                                   |
|                              |                      | Cost                        | N/A <sup>3</sup>                 |                          |  |
| Corporate Bonds              | 3,847,720            | Market Comparable Companies | Yield                            | 7.00% 9.67%              | 8.76%                                  |
|                              |                      |                             | EBITDA Multiple                  | 6.0x                     | 6.0x                                   |
|                              |                      | Cost                        | N/A <sup>3</sup>                 |                          |  |
| Floating Rate Loan Interests | 3,134,643            | Market Comparable Companies | Illiquidity Discount             | 50%                      | 50%                                    |
|                              |                      |                             | Yield                            | 9.65%                    | 9.65%                                  |
|                              |                      | Cost                        | N/A <sup>3</sup>                 |                          |  |
| <b>Total<sup>4</sup></b>     | <b>\$ 10,836,211</b> |                             |                                  |                          |  |

<sup>1</sup> A change to the unobservable input may result in a significant change to the value of the investment as follows:

| Unobservable Input      | Impact to                |                          |
|-------------------------|--------------------------|--------------------------|
|                         | Value if Input Increases | Value if Input Decreases |
| EBITDA Multiple         | Increase                 | Decrease                 |
| Forward EBITDA Multiple | Increase                 | Decrease                 |
| Illiquidity Discount    | Decrease                 | Increase                 |
| Yield                   | Decrease                 | Increase                 |

<sup>2</sup> Unobservable inputs are weighted based on the fair value of the investments included in the range.

<sup>3</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

<sup>4</sup> Does not include Level 3 investments with values derived utilizing prices from recent prior transactions or third party pricing information without adjustment for which such inputs are unobservable. See above valuation input table for values of such Level 3 investments. A significant change in third party pricing information could result in a significantly lower or higher value in such Level 3 investments.

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A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | <b>Common<br/>Stocks</b> | <b>Corporate<br/>Bonds</b> | <b>Floating Rate<br/>Loan Interests</b> | <b>Other<br/>Interests</b> | <b>Total</b>         |
|---|--------------------------|----------------------------|---|----------------------------|----------------------|
| <b>Assets:</b>  |                          |                            |   |                            |                      |
| Opening balance, as of February 29, 2012                        | \$ 4,138,509             | \$ 4,181,040               | \$ 5,454,878                            | \$ 34                      | \$ 13,774,461        |
| Transfers into Level 3 <sup>5</sup>                             |                          |                            | 2,003,700                               |                            | 2,003,700            |
| Transfers out of Level 3 <sup>6</sup>                           | (35,343)                 |                            | (201,394)                               |                            | (236,737)            |
| Accrued discounts/premiums                                      |                          | 1,564                      | 62,000                                  |                            | 63,564               |
| Net realized gain (loss)  | (1,186,175)              |                            | (328,514)                               |                            | (1,514,689)          |
| Net change in unrealized appreciation/depreciation <sup>7</sup> | 790,896                  | (53,051)                   | 290,432                                 | (1)                        | 1,028,276            |
| Purchases   | 145,977                  | 53,465                     | 1,615,477                               |                            | 1,814,919            |
| Sales   | (11)                     | (89,192)                   | (1,325,456)                             |                            | (1,414,659)          |
| <b>Closing Balance, as of August 31, 2012</b>                   | <b>\$ 3,853,853</b>      | <b>\$ 4,093,826</b>        | <b>\$ 7,571,123</b>                     | <b>\$ 33</b>               | <b>\$ 15,518,835</b> |

<sup>5</sup> As of February 29, 2012, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$2,003,700 transferred from Level 2 to Level 3 in the disclosure hierarchy.

<sup>6</sup> As of February 29, 2012, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$236,737 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>7</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$(440,350).

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (concluded)****BlackRock Corporate High Yield Fund, Inc. (COY)**

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

|   | <b>Credit<br/>Contracts</b> |
|---|-----------------------------|
| <b>Assets/Liabilities:</b>                                      |                             |
| Opening balance, as of February 29, 2012                        | \$ 216,962                  |
| Transfers into Level 3 <sup>1</sup>                             |                             |
| Transfers out of Level 3 <sup>1</sup>                           |                             |
| Accrued discounts/premiums                                      |                             |
| Net realized gain (loss)  |                             |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 322,850                     |
| Purchases   |                             |
| Issuances <sup>3</sup>  |                             |
| Sales   |                             |
| Settlements <sup>4</sup>  |                             |
| <b>Closing Balance, as of August 31, 2012</b>                   | <b>\$ 539,812</b>           |

<sup>1</sup> Transfers into and transfers out of Level 3 represent the beginning of the reporting period value.

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on derivative financial instruments still held as of August 31, 2012 was \$322,850.

<sup>3</sup> Issuances represent upfront cash received on certain derivative financial instruments.

<sup>4</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments**

August 31, 2012 (Unaudited)

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

(Percentages shown are based on Net Assets)

| <b>Common Stocks</b>                                     | <b>Shares</b> | <b>Value</b> |
|--|---------------|--------------|
| <b>Auto Components 2.0%</b>                              |               |              |
| Dana Holding Corp.                                       | 36,200        | \$ 494,492   |
| Delphi Automotive Plc (a)                                | 171,704       | 5,200,902    |
|  |               | 5,695,394    |
| <b>Biotechnology 0.0%</b>                                |               |              |
| Ironwood Pharmaceuticals, Inc. (a)                       | 7,130         | 89,339       |
| <b>Capital Markets 0.4%</b>                              |               |              |
| American Capital Ltd. (a)                                | 53,273        | 585,470      |
| E*Trade Financial Corp. (a)                              | 74,600        | 639,322      |
|  |               | 1,224,792    |
| <b>Chemicals 0.2%</b>                                    |               |              |
| ADA-ES, Inc. (a)   | 1,820         | 42,679       |
| CF Industries Holdings, Inc.                             | 1,000         | 207,010      |
| Huntsman Corp.   | 14,000        | 201,320      |
|  |               | 451,009      |
| <b>Commercial Banks 0.2%</b>                             |               |              |
| CIT Group, Inc. (a)                                      | 17,270        | 652,115      |
| <b>Communications Equipment 0.3%</b>                     |               |              |
| Loral Space & Communications Ltd.                        | 12,778        | 938,161      |
| <b>Diversified Financial Services 0.5%</b>               |               |              |
| Kcad Holdings I Ltd.                                     | 220,203,372   | 1,460,169    |
| <b>Diversified Telecommunication Services 0.2%</b>       |               |              |
| Level 3 Communications, Inc. (a)                         | 22,280        | 480,134      |
| <b>Electrical Equipment 0.0%</b>                         |               |              |
| Medis Technologies Ltd.                                  | 70,784        | 212          |
| <b>Energy Equipment &amp; Services 0.9%</b>              |               |              |
| Laricina Energy Ltd. (a)                                 | 35,294        | 1,521,679    |
| Osum Oil Sands Corp. (a)                                 | 82,000        | 1,039,817    |
|  |               | 2,561,496    |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>            |               |              |
| Travelport Worldwide Ltd.                                | 76,940        | 10,002       |
| <b>Media 2.2%</b>  |               |              |
| Belo Corp., Class A                                      | 23,782        | 173,609      |
| Charter Communications, Inc. (a)                         | 70,305        | 5,469,729    |
| Clear Channel Outdoor Holdings, Inc., Class A (a)        | 9,964         | 52,311       |
| Cumulus Media, Inc., Class A (a)                         | 93,867        | 260,011      |
| DISH Network Corp., Class A                              | 5,900         | 188,741      |
|  |               | 6,144,401    |
| <b>Metals &amp; Mining 0.1%</b>                          |               |              |
| African Minerals Ltd. (a)                                | 47,050        | 188,299      |
| <b>Oil, Gas &amp; Consumable Fuels 0.1%</b>              |               |              |
| African Petroleum Corp. Ltd. (a)                         | 196,300       | 251,481      |
| <b>Paper &amp; Forest Products 0.3%</b>                  |               |              |
| Ainsworth Lumber Co. Ltd. (a)(b)                         | 140,415       | 307,681      |
| Ainsworth Lumber Co. Ltd. (a)                            | 122,117       | 267,586      |
| Western Forest Products, Inc. (a)                        | 158,023       | 171,529      |
| Western Forest Products, Inc. (a)(b)                     | 45,762        | 49,673       |
|  |               | 796,469      |
| <b>Semiconductors &amp; Semiconductor Equipment 0.3%</b> |               |              |
| NXP Semiconductors NV (a)                                | 5,400         | 125,928      |

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|  |     |              |              |
|--|-----|--------------|--------------|
| Spanion, Inc., Class A (a)   |     | 64,237       | 734,229      |
| SunPower Corp.   |     | 271          | 1,214        |
|  |     |              | 861,371      |
| <b>Software 0.2%</b>   |     |              |              |
| Bankruptcy Management Solutions, Inc. (a)                                    |     | 501          | 5            |
| HMH Holdings/EduMedia  |     | 20,718       | 507,588      |
|  |     |              | 507,593      |
| <b>Total Common Stocks 7.9%</b>  |     |              | 22,312,437   |
|  |     | <b>Par</b>   |              |
|  |     | <b>(000)</b> | <b>Value</b> |
| <b>Corporate Bonds</b>   |     |              |              |
| <b>Aerospace &amp; Defense 0.7%</b>  |     |              |              |
| Huntington Ingalls Industries, Inc.:   |     |              |              |
| 6.88%, 3/15/18   | USD | 230          | \$ 246,100   |
| 7.13%, 3/15/21   |     | 330          | 357,225      |
| Kratos Defense & Security Solutions, Inc.,                                   |     |              |              |
| 10.00%, 6/01/17  |     | 846          | 900,990      |
| Meccanica Holdings USA, Inc.,  |     |              |              |
| 6.25%, 7/15/19 (b)   |     | 435          | 393,608      |
|  |     |              | 1,897,923    |
| <b>Air Freight &amp; Logistics 0.4%</b>                                      |     |              |              |
| National Air Cargo Group, Inc.:  |     |              |              |
| Series 1 12.38%, 9/02/15   |     | 596          | 606,832      |
| Series 2 12.38%, 8/16/15   |     | 603          | 613,879      |
|  |     |              | 1,220,711    |
| <b>Airlines 1.5%</b>   |     |              |              |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23 |     | 1,087        | 1,152,151    |
| Continental Airlines, Inc.:  |     |              |              |
| Series 1997-4, Class B 6.90%, 7/02/18 (c)                                    |     | 278          | 277,703      |
| Series 2010-1, Class B 6.00%, 7/12/20  |     | 444          | 447,265      |
| Delta Air Lines, Inc.:   |     |              |              |
| Series 2002-1, Class G-1 6.72%, 7/02/24                                      |     | 611          | 662,744      |
| Delta Air Lines, Inc.:   |     |              |              |
| Series 2009-1-B 9.75%, 6/17/18   |     | 192          | 207,396      |
| Series 2010-1, Class B 6.38%, 7/02/17  |     | 500          | 500,000      |
| US Airways Pass Through Trust:   |     |              |              |
| Series 2011-1, Class C 10.88%, 10/22/14                                      |     | 679          | 695,867      |
| Series 2012-1, Class C 9.13%, 10/01/15                                       |     | 450          | 459,000      |
|  |     |              | 4,402,126    |
| <b>Auto Components 2.1%</b>  |     |              |              |
| Dana Holding Corp., 6.75%, 2/15/21   |     | 450          | 484,875      |
| Delphi Corp., 6.13%, 5/15/21   |     | 170          | 187,000      |
| Icahn Enterprises LP:  |     |              |              |
| 4.00%, 8/15/13 (b)(d)(e)   |     | 255          | 255,000      |
| 8.00%, 1/15/18   |     | 3,035        | 3,232,275    |
| IDQ Holdings, Inc., 11.50%, 4/01/17 (b)                                      |     | 380          | 397,575      |
| International Automotive Components Group SL,                                |     |              |              |
| 9.13%, 6/01/18 (b)   |     | 40           | 38,350       |
| Jaguar Land Rover Plc, 8.25%, 3/15/20  | GBP | 482          | 807,254      |
| Titan International, Inc., 7.88%, 10/01/17                                   | USD | 465          | 487,088      |
|  |     |              | 5,889,417    |
| <b>Beverages 0.2%</b>  |     |              |              |
| Crown European Holdings SA:  |     |              |              |
| 7.13%, 8/15/18 (b)   | EUR | 251          | 347,279      |
| 7.13%, 8/15/18   |     | 188          | 260,113      |
|  |     |              | 607,392      |
| <b>Biotechnology 0.0%</b>  |     |              |              |
| QHP Royalty Sub LLC, 10.25%, 3/15/15 (b)                                     | USD | 54           | 53,876       |
| <b>Building Products 0.8%</b>  |     |              |              |
| Building Materials Corp. of America (b):                                     |     |              |              |

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|  |     |           |
|--|-----|-----------|
| 7.00%, 2/15/20   | 530 | 573,725   |
| 6.75%, 5/01/21   | 790 | 863,075   |
| Momentive Performance Materials, Inc.,<br>11.50%, 12/01/16 | 375 | 228,750   |
| USG Corp., 9.75%, 1/15/18                                  | 610 | 654,225   |
|  |     | 2,319,775 |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

(Percentages shown are based on Net Assets)

| <b>Corporate Bonds</b>                                     | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|----------------------|--------------|
| <b>Capital Markets 0.8%</b>                                |                      |              |
| E*Trade Financial Corp.:                                   |                      |              |
| 12.50%, 11/30/17 (f)                                       | USD 1,070            | \$ 1,221,138 |
| 2.25%, 8/31/19 (b)(e)(g)                                   | 244                  | 208,620      |
| Series A 2.25%, 8/31/19 (g)                                | 7                    | 5,985        |
| KKR Group Finance Co. LLC, 6.38%, 9/29/20 (b)              | 650                  | 735,768      |
|  |                      | 2,171,511    |
| <b>Chemicals 4.1%</b>                                      |                      |              |
| Basell Finance Co. BV, 8.10%, 3/15/27 (b)                  | 420                  | 560,700      |
| Celanese US Holdings LLC, 5.88%, 6/15/21                   | 1,785                | 1,972,425    |
| Chemtura Corp., 7.88%, 9/01/18                             | 310                  | 334,025      |
| Hexion US Finance Corp.:                                   |                      |              |
| 6.63%, 4/15/20   | 245                  | 247,450      |
| 9.00%, 11/15/20  | 310                  | 265,050      |
| Huntsman International LLC, 8.63%, 3/15/21                 | 170                  | 194,650      |
| INEOS Finance Plc (b):                                     |                      |              |
| 8.38%, 2/15/19   | 890                  | 936,725      |
| 7.50%, 5/01/20   | 440                  | 448,800      |
| INEOS Group Holdings Plc, 8.50%, 2/15/16 (b)               | 145                  | 136,663      |
| Kinove German Bondco GmbH, 10.00%, 6/15/18                 | EUR 342              | 468,883      |
| Kraton Polymers LLC, 6.75%, 3/01/19                        | USD 125              | 128,125      |
| LyondellBasell Industries NV, 5.75%, 4/15/24               | 2,820                | 3,193,650    |
| Nexeo Solutions LLC, 8.38%, 3/01/18                        | 185                  | 180,838      |
| PolyOne Corp., 7.38%, 9/15/20                              | 215                  | 234,887      |
| TPC Group LLC, 8.25%, 10/01/17                             | 335                  | 367,662      |
| Tronox Finance LLC, 6.38%, 8/15/20 (b)                     | 1,900                | 1,919,000    |
|  |                      | 11,589,533   |
| <b>Commercial Banks 0.9%</b>                               |                      |              |
| CIT Group, Inc.:   |                      |              |
| 7.00%, 5/02/16 (b)   | 378                  | 378,713      |
| 5.25%, 3/15/18   | 550                  | 573,375      |
| 5.50%, 2/15/19 (b)   | 530                  | 552,525      |
| 5.00%, 8/15/22   | 580                  | 584,394      |
| 6.00%, 4/01/36   | 550                  | 498,206      |
|  |                      | 2,587,213    |
| <b>Commercial Services &amp; Supplies 2.0%</b>             |                      |              |
| ARAMARK Corp., 8.50%, 2/01/15                              | 360                  | 369,004      |
| ARAMARK Holdings Corp., 8.63%, 5/01/16 (b)(f)              | 440                  | 450,454      |
| Aviation Capital Group Corp., 6.75%, 4/06/21 (b)           | 540                  | 554,445      |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (b)            | 108                  | 113,788      |
| Brickman Group Holdings, Inc., 9.13%,<br>11/01/18 (b)      | 25                   | 25,250       |
| Casella Waste Systems, Inc., 7.75%, 2/15/19                | 470                  | 465,300      |
| Clean Harbors, Inc., 5.25%, 8/01/20 (b)                    | 528                  | 541,860      |
| Covanta Holding Corp., 6.38%, 10/01/22                     | 635                  | 694,291      |
| EC Finance Plc, 9.75%, 8/01/17                             | EUR 352              | 458,795      |
| Mead Products LLC/ACCO Brands Corp.,<br>6.75%, 4/30/20 (b) | USD 222              | 234,765      |
| Mobile Mini, Inc., 7.88%, 12/01/20                         | 365                  | 391,463      |
| RSC Equipment Rental, Inc., 8.25%, 2/01/21                 | 875                  | 958,125      |
| Verisure Holding AB:<br>8.75%, 9/01/18                     | EUR 184              | 231,435      |

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|  |     |              |              |
|--|-----|--------------|--------------|
| 8.75%, 12/01/18                                  |     | 100          | 111,315      |
| West Corp., 8.63%, 10/01/18                      | USD | 135          | 137,025      |
|  |     |              | 5,737,315    |
| <b>Communications Equipment 1.8%</b>             |     |              |              |
| Avaya, Inc., 9.75%, 11/01/15                     |     | 780          | 676,650      |
| Frontier Communications Corp., 6.25%, 1/15/13    |     | 900          | 915,750      |
| Hughes Satellite Systems Corp., 6.50%, 6/15/19   |     | 410          | 439,212      |
| Zayo Group LLC/Zayo Capital, Inc.:               |     |              |              |
| 8.13%, 1/01/20                                   |     | 1,550        | 1,646,875    |
| 10.13%, 7/01/20                                  |     | 1,270        | 1,362,075    |
|  |     |              | 5,040,562    |
|  |     | <b>Par</b>   | <b>Value</b> |
|  |     | <b>(000)</b> |              |
| <b>Corporate Bonds</b>                           |     |              |              |
| <b>Computers &amp; Peripherals 0.1%</b>          |     |              |              |
| SanDisk Corp., 1.50%, 8/15/17 (e)                | USD | 220          | \$ 243,650   |
| <b>Construction &amp; Engineering 0.2%</b>       |     |              |              |
| Boart Longyear Management Property Ltd.,         |     |              |              |
| 7.00%, 4/01/21 (b)                               |     | 200          | 207,500      |
| H&E Equipment Services, Inc., 7.00%, 9/01/22 (b) |     | 330          | 342,375      |
| URS Corp., 5.00%, 4/01/22 (b)                    |     | 75           | 76,049       |
|  |     |              | 625,924      |
| <b>Construction Materials 1.4%</b>               |     |              |              |
| HD Supply, Inc. (b):                             |     |              |              |
| 8.13%, 4/15/19                                   |     | 1,545        | 1,676,325    |
| 11.00%, 4/15/20                                  |     | 1,475        | 1,622,500    |
| Xefin Lux SCA:                                   |     |              |              |
| 8.00%, 6/01/18 (b)                               | EUR | 254          | 311,494      |
| 8.00%, 6/01/18                                   |     | 200          | 245,271      |
|  |     |              | 3,855,590    |
| <b>Consumer Finance 0.2%</b>                     |     |              |              |
| Credit Acceptance Corp., 9.13%, 2/01/17          | USD | 445          | 489,500      |
| <b>Containers &amp; Packaging 1.7%</b>           |     |              |              |
| Ardagh Packaging Finance Plc:                    |     |              |              |
| 7.38%, 10/15/17 (b)                              | EUR | 375          | 498,796      |
| 7.38%, 10/15/17 (b)                              | USD | 200          | 214,250      |
| 7.38%, 10/15/17                                  | EUR | 200          | 266,025      |
| 9.13%, 10/15/20 (b)                              | USD | 395          | 410,800      |
| 9.13%, 10/15/20 (b)                              |     | 205          | 214,225      |
| 9.13%, 10/15/20 (b)                              |     | 204          | 212,670      |
| Berry Plastics Corp.:                            |     |              |              |
| 4.34%, 9/15/14 (d)                               |     | 300          | 295,500      |
| 8.25%, 11/15/15                                  |     | 115          | 121,037      |
| 9.75%, 1/15/21                                   |     | 420          | 465,150      |
| Beverage Packaging Holdings Luxembourg II SA,    |     |              |              |
| 8.00%, 12/15/16                                  | EUR | 706          | 870,247      |
| GCL Holdings SCA, 9.38%, 4/15/18 (b)             |     | 267          | 325,758      |
| Graphic Packaging International, Inc.,           |     |              |              |
| 7.88%, 10/01/18                                  | USD | 375          | 418,125      |
| OI European Group BV, 6.88%, 3/31/17             | EUR | 155          | 201,295      |
| Sealed Air Corp., 8.38%, 9/15/21 (b)             | USD | 185          | 208,125      |
| Tekni-Plex, Inc., 9.75%, 6/01/19 (b)             |     | 180          | 188,100      |
|  |     |              | 4,910,103    |
| <b>Distributors 0.6%</b>                         |     |              |              |
| VWR Funding, Inc., 7.25%, 9/15/17 (b)(h)         |     | 1,619        | 1,639,238    |
| <b>Diversified Consumer Services 1.5%</b>        |     |              |              |
| Laureate Education, Inc., 9.25%, 9/01/19 (b)     |     | 605          | 605,000      |
| Service Corp. International, 7.00%, 6/15/17      |     | 3,000        | 3,420,000    |
| ServiceMaster Co., 8.00%, 2/15/20                |     | 190          | 202,588      |
|  |     |              | 4,227,588    |
| <b>Diversified Financial Services 4.4%</b>       |     |              |              |

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|  |     |       |           |
|--|-----|-------|-----------|
| Aircastle Ltd., 6.75%, 4/15/17                     |     | 470   | 507,600   |
| Ally Financial, Inc.:                              |     |       |           |
| 7.50%, 12/31/13                                    |     | 280   | 299,250   |
| 8.00%, 11/01/31                                    |     | 3,650 | 4,316,125 |
| CNG Holdings, Inc., 9.38%, 5/15/20 (b)             |     | 300   | 306,000   |
| DPL, Inc., 7.25%, 10/15/21 (b)                     |     | 1,175 | 1,339,500 |
| Gala Group Finance Plc, 8.88%, 9/01/18             | GBP | 300   | 444,201   |
| General Motors Financial Co., Inc., 6.75%, 6/01/18 | USD | 300   | 332,623   |
| Lehman Brothers Holdings, Inc. (a)(i):             |     |       |           |
| 5.38%, 10/17/12                                    | EUR | 150   | 48,111    |
| 4.75%, 1/16/14                                     |     | 760   | 243,762   |
| 1.00%, 2/05/14                                     |     | 1,600 | 520,226   |
| 1.00%, 9/22/18                                     | USD | 175   | 43,094    |
| 1.00%, 12/31/49                                    |     | 620   | 152,675   |
| Leucadia National Corp., 8.13%, 9/15/15            |     | 825   | 930,187   |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

(Percentages shown are based on Net Assets)

| <b>Corporate Bonds</b>   | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|----------------------|--------------|
| <b>Diversified Financial Services (concluded)</b>              |                      |              |
| Reynolds Group Issuer, Inc.:                                   |                      |              |
| 7.75%, 10/15/16  | EUR 209              | \$ 271,424   |
| 7.13%, 4/15/19   | USD 245              | 263,988      |
| 9.75%, 4/15/19   | 275                  | 279,469      |
| 7.88%, 8/15/19   | 355                  | 394,937      |
| 9.88%, 8/15/19   | 1,045                | 1,105,087    |
| 8.25%, 2/15/21   | 135                  | 132,638      |
| WMG Acquisition Corp.:   |                      |              |
| 9.50%, 6/15/16   | 120                  | 131,100      |
| 11.50%, 10/01/18   | 416                  | 456,560      |
|  |                      | 12,518,557   |
| <b>Diversified Telecommunication Services 2.3%</b>             |                      |              |
| Broadview Networks Holdings, Inc.,                             |                      |              |
| 11.38%, 9/01/12 (a)(i)   | 1,035                | 698,625      |
| Consolidated Communications Finance Co.,                       |                      |              |
| 10.88%, 6/01/20 (b)  | 595                  | 638,137      |
| ITC Deltacom, Inc., 10.50%, 4/01/16                            | 280                  | 301,700      |
| Level 3 Communications, Inc., 8.88%, 6/01/19 (b)               | 315                  | 321,300      |
| Level 3 Financing, Inc.:                                       |                      |              |
| 8.13%, 7/01/19   | 1,325                | 1,387,937    |
| 7.00%, 6/01/20 (b)   | 574                  | 571,130      |
| 8.63%, 7/15/20   | 845                  | 904,150      |
| OTE Plc, 5.00%, 8/05/13  | EUR 112              | 122,099      |
| Telenet Finance V Luxembourg SCA:                              |                      |              |
| 6.25%, 8/15/22   | 150                  | 189,613      |
| 6.75%, 8/15/24   | 367                  | 468,537      |
| Windstream Corp.:  |                      |              |
| 8.13%, 8/01/13   | USD 460              | 485,300      |
| 7.88%, 11/01/17  | 393                  | 427,388      |
|  |                      | 6,515,916    |
| <b>Electric Utilities 0.7%</b>                                 |                      |              |
| Mirant Mid Atlantic Pass Through Trust, Series B,              |                      |              |
| 9.13%, 6/30/17   | 290                  | 311,742      |
| The Tokyo Electric Power Co., Inc.,                            |                      |              |
| 4.50%, 3/24/14   | EUR 1,300            | 1,627,455    |
|  |                      | 1,939,197    |
| <b>Electrical Equipment 0.1%</b>                               |                      |              |
| Belden, Inc., 5.50%, 9/01/22 (b)                               | USD 370              | 370,925      |
| <b>Electronic Equipment, Instruments &amp; Components 0.5%</b> |                      |              |
| CDW LLC/CDW Finance Corp., 8.50%, 4/01/19                      | 370                  | 405,150      |
| Jabil Circuit, Inc., 8.25%, 3/15/18                            | 235                  | 282,000      |
| Micron Technology, Inc., 2.38%, 5/01/32 (b)(e)                 | 441                  | 419,501      |
| NXP BV/NXP Funding LLC, 9.75%, 8/01/18 (b)                     | 200                  | 228,500      |
|  |                      | 1,335,151    |
| <b>Energy Equipment &amp; Services 3.4%</b>                    |                      |              |
| Atwood Oceanics, Inc., 6.50%, 2/01/20                          | 140                  | 149,450      |
| Calfrac Holdings LP, 7.50%, 12/01/20 (b)                       | 395                  | 387,100      |
| Compagnie Générale de Géophysique, Veritas:                    |                      |              |
| 7.75%, 5/15/17   | 250                  | 261,250      |

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|   |     |              |              |
|---|-----|--------------|--------------|
| 6.50%, 6/01/21  |     | 1,255        | 1,306,769    |
| Forbes Energy Services Ltd., 9.00%, 6/15/19                                       |     | 365          | 354,050      |
| FTS International Services LLC/ FTS International Bonds Inc., 8.13%, 11/15/18 (b) |     | 1,755        | 1,812,037    |
| Gulfmark Offshore, Inc., 6.38%, 3/15/22 (b)                                       |     | 155          | 158,100      |
| Hornbeck Offshore Services, Inc., 5.88%, 4/01/20                                  |     | 315          | 321,300      |
| Key Energy Services, Inc., 6.75%, 3/01/21   |     | 450          | 457,875      |
| MEG Energy Corp. (b):   |     |              |              |
| 6.50%, 3/15/21  |     | 1,205        | 1,268,263    |
| 6.38%, 1/30/23  |     | 450          | 469,125      |
| Oil States International, Inc., 6.50%, 6/01/19                                    |     | 320          | 340,000      |
| Peabody Energy Corp.:   |     |              |              |
| 6.25%, 11/15/21 (b)   |     | 1,405        | 1,429,587    |
| 7.88%, 11/01/26   |     | 375          | 400,313      |
|   |     | <b>Par</b>   |              |
| <b>Corporate Bonds</b>  |     | <b>(000)</b> | <b>Value</b> |
| <b>Energy Equipment &amp; Services (concluded)</b>                                |     |              |              |
| Precision Drilling Corp.:   |     |              |              |
| 6.63%, 11/15/20   | USD | 75           | \$ 78,750    |
| 6.50%, 12/15/21   |     | 295          | 309,750      |
|   |     |              | 9,503,719    |
| <b>Food &amp; Staples Retailing 0.2%</b>  |     |              |              |
| Bakkavor Finance 2 Plc, 8.25%, 2/15/18  | GBP | 100          | 139,731      |
| Rite Aid Corp., 9.25%, 3/15/20  | USD | 375          | 385,312      |
|   |     |              | 525,043      |
| <b>Food Products 0.4%</b>   |     |              |              |
| Darling International, Inc., 8.50%, 12/15/18                                      |     | 115          | 130,237      |
| Del Monte Corp., 7.63%, 2/15/19   |     | 61           | 60,924       |
| Post Holdings, Inc., 7.38%, 2/15/22 (b)   |     | 385          | 405,694      |
| Smithfield Foods, Inc., 6.63%, 8/15/22  |     | 588          | 601,965      |
|   |     |              | 1,198,820    |
| <b>Health Care Equipment &amp; Supplies 1.5%</b>                                  |     |              |              |
| Biomet, Inc.:   |     |              |              |
| 10.00%, 10/15/17  |     | 195          | 206,335      |
| 6.50%, 8/01/20 (b)  |     | 708          | 734,550      |
| DJO Finance LLC:  |     |              |              |
| 10.88%, 11/15/14  |     | 519          | 541,706      |
| 8.75%, 3/15/18 (b)  |     | 450          | 478,125      |
| 7.75%, 4/15/18  |     | 100          | 91,500       |
| Fresenius Medical Care US Finance, Inc.,  |     |              |              |
| 6.50%, 9/15/18 (b)  |     | 208          | 233,220      |
| Fresenius Medical Care US Finance II, Inc.,                                       |     |              |              |
| 5.88%, 1/31/22 (b)  |     | 650          | 690,625      |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (b)                                 |     | 540          | 621,675      |
| Kinetic Concepts, Inc./KCI USA, Inc.,   |     |              |              |
| 12.50%, 11/01/19 (b)  |     | 280          | 254,100      |
| Teleflex, Inc., 6.88%, 6/01/19  |     | 295          | 315,650      |
|   |     |              | 4,167,486    |
| <b>Health Care Providers &amp; Services 7.3%</b>                                  |     |              |              |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19                                     |     | 570          | 592,800      |
| CHS/Community Health Systems, Inc.:   |     |              |              |
| 5.13%, 8/15/18  |     | 785          | 809,531      |
| 7.13%, 7/15/20  |     | 456          | 477,660      |
| ConvaTec Healthcare E SA, 7.38%, 12/15/17 (b)                                     | EUR | 494          | 664,848      |
| Crown Newco 3 Plc, 7.00%, 2/15/18 (b)   | GBP | 364          | 582,313      |
| DaVita, Inc., 5.75%, 8/15/22  | USD | 928          | 965,120      |
| HCA, Inc.:  |     |              |              |
| 8.50%, 4/15/19  |     | 135          | 152,213      |
| 6.50%, 2/15/20  |     | 2,355        | 2,587,556    |
| 7.88%, 2/15/20  |     | 95           | 106,044      |
| 7.25%, 9/15/20  |     | 2,600        | 2,881,125    |
| 5.88%, 3/15/22  |     | 275          | 292,531      |
| Hologic, Inc., 6.25%, 8/01/20 (b)   |     | 1,597        | 1,690,824    |
| IASIS Healthcare LLC, 8.38%, 5/15/19  |     | 1,538        | 1,466,867    |

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|   |       |            |
|---|-------|------------|
| INC Research LLC, 11.50%, 7/15/19 (b)         | 410   | 401,800    |
| inVentiv Health, Inc., 10.00%, 8/15/18 (b)    | 135   | 113,738    |
| Omnicare, Inc., 7.75%, 6/01/20                | 1,005 | 1,108,012  |
| PSS World Medical, Inc., 6.38%, 3/01/22       | 334   | 353,205    |
| Symbion, Inc., 8.00%, 6/15/16                 | 345   | 348,666    |
| Tenet Healthcare Corp.:                       |       |            |
| 10.00%, 5/01/18                               | 839   | 964,850    |
| 6.25%, 11/01/18                               | 330   | 358,256    |
| 8.88%, 7/01/19                                | 2,624 | 2,984,800  |
| United Surgical Partners International, Inc., |       |            |
| 9.00%, 4/01/20 (b)                            | 290   | 311,388    |
| Vanguard Health Holding Co. II LLC, 7.75%,    |       |            |
| 2/01/19 (b)                                   | 465   | 484,762    |
|   |       | 20,698,909 |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

(Percentages shown are based on Net Assets)

| <b>Corporate Bonds</b>   | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|----------------------|--------------|
| <b>Health Care Technology 1.0%</b>                                       |                      |              |
| IMS Health, Inc., 12.50%, 3/01/18 (b)                                    | USD 2,405            | \$ 2,825,875 |
| <b>Hotels, Restaurants &amp; Leisure 4.5%</b>                            |                      |              |
| Affinity Gaming LLC/Affinity Gaming Finance Corp.,<br>9.00%, 5/15/18 (b) | 290                  | 295,075      |
| Caesars Entertainment Operating Co., Inc.:                               |                      |              |
| 11.25%, 6/01/17  | 1,360                | 1,465,400    |
| 10.00%, 12/15/18   | 2,684                | 1,690,920    |
| 8.50%, 2/15/20 (b)   | 305                  | 300,806      |
| Caesars Operating Escrow LLC, 9.00%, 2/15/20 (b)                         | 1,673                | 1,664,635    |
| Carlson Wagonlit BV, 6.88%, 6/15/19 (b)                                  | 325                  | 338,000      |
| Cirsa Funding Luxembourg SA, 8.75%, 5/15/18                              | EUR 211              | 232,885      |
| Diamond Resorts Corp., 12.00%, 8/15/18                                   | USD 1,190            | 1,265,862    |
| El Dorado Resorts LLC, 8.63%, 6/15/19 (b)                                | 140                  | 136,500      |
| Enterprise Inns Plc, 6.50%, 12/06/18                                     | GBP 324              | 445,011      |
| Gategroup Finance Luxembourg SA, 6.75%, 3/01/19                          | EUR 265              | 340,817      |
| Little Traverse Bay Bands of Odawa Indians,<br>9.00%, 8/31/20 (b)        | USD 300              | 273,000      |
| MGM Resorts International:   |                      |              |
| 10.38%, 5/15/14  | 190                  | 215,650      |
| 4.25%, 4/15/15 (e)   | 1,080                | 1,090,800    |
| 11.13%, 11/15/17   | 1,400                | 1,557,500    |
| MTR Gaming Group, Inc., 11.50%, 8/01/19 (f)                              | 151                  | 154,896      |
| Travelport LLC:  |                      |              |
| 5.09%, 9/01/14 (d)   | 180                  | 127,800      |
| 9.88%, 9/01/14   | 40                   | 31,800       |
| 9.00%, 3/01/16   | 120                  | 85,200       |
| 6.46%, 12/01/16 (b)(f)   | 419                  | 323,781      |
| Tropicana Entertainment LLC, 9.63%,<br>12/15/14 (a)(i)                   | 305                  |              |
| Wynn Las Vegas LLC, 5.38%, 3/15/22 (b)                                   | 620                  | 633,950      |
|  |                      | 12,670,288   |
| <b>Household Durables 1.7%</b>   |                      |              |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (b)                               | 50                   | 51,125       |
| Jarden Corp., 7.50%, 1/15/20   | EUR 305              | 413,360      |
| Libbey Glass, Inc., 6.88%, 5/15/20 (b)                                   | USD 610              | 650,413      |
| Pulte Group, Inc., 6.38%, 5/15/33  | 190                  | 165,300      |
| Ryland Group, Inc., 6.63%, 5/01/20                                       | 340                  | 358,700      |
| Spie BondCo 3 SCA, 11.00%, 8/15/19                                       | EUR 303              | 386,830      |
| Standard Pacific Corp.:  |                      |              |
| 10.75%, 9/15/16  | USD 1,390            | 1,678,425    |
| 8.38%, 1/15/21   | 1,055                | 1,176,325    |
|  |                      | 4,880,478    |
| <b>Household Products 0.6%</b>   |                      |              |
| <b>Ontex IV SA:</b>  |                      |              |
| 7.50%, 4/15/18   | EUR 104              | 132,773      |
| 7.50%, 4/15/18 (b)   | 150                  | 191,500      |
| 9.00%, 4/15/19   | 213                  | 246,478      |
| <b>Spectrum Brands Holdings, Inc.:</b>                                   |                      |              |
| 9.50%, 6/15/18   | USD 360              | 410,850      |
| 9.50%, 6/15/18 (b)   | 590                  | 673,338      |
|  |                      | 1,654,939    |

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| <b>Independent Power Producers &amp; Energy Traders 3.1%</b>        |              |              |
|---|--------------|--------------|
| The AES Corp., 7.38%, 7/01/21                                       | 275          | 314,875      |
| Calpine Corp. (b):  |              |              |
| 7.25%, 10/15/17   | 180          | 192,600      |
| 7.50%, 2/15/21  | 100          | 111,000      |
| 7.88%, 1/15/23  | 445          | 502,850      |
| Energy Future Holdings Corp., 10.00%, 1/15/20                       | 1,920        | 2,116,800    |
| Energy Future Intermediate Holding Co. LLC:                         |              |              |
| 6.88%, 8/15/17 (b)  | 305          | 311,481      |
| 10.00%, 12/01/20  | 2,691        | 3,020,648    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Corporate Bonds</b>  |              |              |
| <b>Independent Power Producers &amp; Energy Traders (concluded)</b> |              |              |
| 11.75%, 3/01/22 (b)   | USD 588      | \$ 626,220   |
| GenOn REMA LLC, 9.24%, 7/02/17                                      | 242          | 259,665      |
| Laredo Petroleum, Inc.:   |              |              |
| 9.50%, 2/15/19  | 485          | 550,475      |
| 7.38%, 5/01/22  | 370          | 397,750      |
| QEP Resources, Inc., 5.38%, 10/01/22                                | 333          | 341,325      |
|   |              | 8,745,689    |
| <b>Industrial Conglomerates 2.3%</b>                                |              |              |
| Sequa Corp. (b):  |              |              |
| 11.75%, 12/01/15  | 2,340        | 2,457,000    |
| 13.50%, 12/01/15  | 3,954        | 4,191,252    |
|   |              | 6,648,252    |
| <b>Insurance 1.0%</b>   |              |              |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)                       | 1,700        | 1,757,375    |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (b)                       | 367          | 401,406      |
| Genworth Financial, Inc., 7.63%, 9/24/21                            | 430          | 439,374      |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (b)                   | 260          | 232,700      |
|   |              | 2,830,855    |
| <b>IT Services 3.1%</b>   |              |              |
| Ceridian Corp., 8.88%, 7/15/19 (b)                                  | 1,480        | 1,587,300    |
| Epicor Software Corp., 8.63%, 5/01/19                               | 570          | 587,100      |
| First Data Corp.:   |              |              |
| 7.38%, 6/15/19 (b)  | 1,580        | 1,631,350    |
| 8.88%, 8/15/20 (b)  | 535          | 583,150      |
| 6.75%, 11/01/20 (b)   | 895          | 888,288      |
| 8.25%, 1/15/21 (b)  | 620          | 614,575      |
| 12.63%, 1/15/21   | 1,699        | 1,720,237    |
| SunGard Data Systems, Inc.:   |              |              |
| 7.38%, 11/15/18   | 550          | 584,375      |
| 7.63%, 11/15/20   | 600          | 643,500      |
|   |              | 8,839,875    |
| <b>Machinery 1.2%</b>   |              |              |
| SPX Corp., 6.88%, 9/01/17   | 175          | 194,250      |
| UR Merger Sub Corp. (b):  |              |              |
| 5.75%, 7/15/18  | 257          | 271,778      |
| 7.38%, 5/15/20  | 440          | 466,400      |
| 7.63%, 4/15/22  | 2,157        | 2,329,560    |
|   |              | 3,261,988    |
| <b>Media 12.7%</b>  |              |              |
| Affinion Group, Inc., 7.88%, 12/15/18                               | 815          | 582,725      |
| AMC Networks, Inc., 7.75%, 7/15/21                                  | 225          | 254,813      |
| CCO Holdings LLC:   |              |              |
| 6.50%, 4/30/21  | 498          | 534,105      |
| 5.25%, 9/30/22  | 990          | 980,100      |
| Cengage Learning Acquisitions, Inc.,                                |              |              |
| 11.50%, 4/15/20 (b)   | 1,065        | 1,120,912    |
| Checkout Holding Corp., 16.00%, 11/15/15 (b)(g)                     | 670          | 408,700      |

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|   |       |           |
|---|-------|-----------|
| Cinemark USA, Inc., 8.63%, 6/15/19                    | 220   | 246,400   |
| Clear Channel Communications, Inc.,<br>9.00%, 3/01/21 | 449   | 385,018   |
| Clear Channel Worldwide Holdings, Inc.:               |       |           |
| Series A, 9.25%, 12/15/17                             | 1,495 | 1,618,337 |
| Series B, 9.25%, 12/15/17                             | 5,202 | 5,650,672 |
| Series B, 7.63%, 3/15/20                              | 1,624 | 1,575,280 |
| Cox Enterprises, Inc. (b):                            |       |           |
| Loan Close 2, 12.00%, 8/15/18                         | 688   | 688,495   |
| Loan Close 3, 12.00%, 8/15/18                         | 786   | 787,146   |
| Shares Loan, 12.00%, 8/15/18                          | 811   | 811,824   |
| CSC Holdings LLC, 8.50%, 4/15/14                      | 390   | 428,513   |
| DISH DBS Corp., 5.88%, 7/15/22 (b)                    | 1,150 | 1,158,625 |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

(Percentages shown are based on Net Assets)

| <b>Corporate Bonds</b>  | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|----------------------|--------------|
| <b>Media (concluded)</b>  |                      |              |
| Harron Communications LP,<br>9.13%, 4/01/20 (b)                             | USD 320              | \$ 346,400   |
| Intelsat Jackson Holdings SA:<br>11.25%, 6/15/16                            | 883                  | 929,357      |
| 7.25%, 10/15/20 (b)   | 820                  | 883,550      |
| Intelsat Luxembourg SA:<br>11.25%, 2/04/17                                  | 620                  | 651,000      |
| 11.50%, 2/04/17 (f)   | 1,200                | 1,260,000    |
| Interactive Data Corp., 10.25%, 8/01/18                                     | 1,345                | 1,516,487    |
| The Interpublic Group of Cos., Inc., 10.00%, 7/15/17                        | 340                  | 379,950      |
| Kabel Deutschland Vertrieb und Service<br>GmbH & Co. KG, 6.50%, 6/29/18 (b) | EUR 345              | 467,571      |
| Lamar Media Corp., 5.88%, 2/01/22   | USD 140              | 148,400      |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b)                         | 735                  | 786,450      |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (b)                         | 558                  | 622,170      |
| Nielsen Finance LLC:<br>11.63%, 2/01/14                                     | 117                  | 132,795      |
| 7.75%, 10/15/18   | 2,145                | 2,413,125    |
| Odeon & UCI Finco Plc, 9.00%, 8/01/18 (b)                                   | GBP 207              | 326,220      |
| ProQuest LLC, 9.00%, 10/15/18 (b)   | USD 500              | 458,750      |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(e)(i)                             | 850                  | 425          |
| Truven Health Analytics, Inc., 10.63%, 6/01/20 (b)                          | 510                  | 544,425      |
| Unitymedia GmbH:<br>9.63%, 12/01/19 (b)                                     | EUR 570              | 805,668      |
| 9.63%, 12/01/19   | 168                  | 237,460      |
| 9.50%, 3/15/21  | 320                  | 459,349      |
| Unitymedia Hessen GmbH & Co. KG:<br>8.13%, 12/01/17 (b)                     | USD 956              | 1,034,870    |
| 8.13%, 12/01/17 (b)   | EUR 135              | 183,175      |
| 7.50%, 3/15/19  | 794                  | 1,093,569    |
| UPC Holding BV, 9.88%, 4/15/18 (b)  | USD 400              | 449,000      |
| UPCB Finance II Ltd.:<br>6.38%, 7/01/20 (b)                                 | EUR 822              | 1,080,438    |
| 6.38%, 7/01/20  | 300                  | 394,320      |
| WaveDivision Escrow LLC/WaveDivision Escrow Corp., 8.13%, 9/01/20 (b)       | USD 300              | 309,000      |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)                                       | EUR 388              | 535,609      |
| Ziggo Finance BV, 6.13%, 11/15/17 (b)                                       | 74                   | 99,360       |
|   |                      | 35,780,558   |
| <b>Metals &amp; Mining 3.8%</b>   |                      |              |
| Eco-Bat Finance Plc, 7.75%, 2/15/17   | 460                  | 584,374      |
| FMG Resources August 2006 Property Ltd. (b):<br>6.88%, 2/01/18              | USD 360              | 342,900      |
| 6.88%, 4/01/22  | 190                  | 174,800      |
| Global Brass and Copper, Inc., 9.50%, 6/01/19 (b)                           | 300                  | 315,750      |
| Goldcorp, Inc., 2.00%, 8/01/14 (e)  | 1,060                | 1,221,650    |
| Kaiser Aluminum Corp., 8.25%, 6/01/20 (b)                                   | 225                  | 238,500      |
| New Gold, Inc., 7.00%, 4/15/20 (b)  | 150                  | 157,875      |
| New World Resources NV, 7.88%, 5/01/18                                      | EUR 655              | 819,740      |
| Newmont Mining Corp., Series A, 1.25%, 7/15/14 (e)                          | USD 1,475            | 1,875,094    |
| Novelis, Inc., 8.75%, 12/15/20  | 3,315                | 3,704,512    |
| Schmolz + Bickenbach Luxembourg SA,<br>9.88%, 5/15/19                       | EUR 315              | 319,937      |
| Steel Dynamics, Inc., 6.38%, 8/15/22 (b)                                    | USD 245              | 253,575      |
| Taseko Mines Ltd., 7.75%, 4/15/19   | 420                  | 400,050      |

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|   |              |              |
|---|--------------|--------------|
| Vedanta Resources Plc, 8.25%, 6/07/21 (b)                           | 270          | 257,850      |
|   |              | 10,666,607   |
| <b>Multiline Retail 0.3%</b>  |              |              |
| Dollar General Corp., 4.13%, 7/15/17                                | 792          | 823,680      |
|   | <b>Par</b>   | <b>Value</b> |
|   | <b>(000)</b> |              |
| <b>Corporate Bonds</b>  |              |              |
| <b>Oil, Gas &amp; Consumable Fuels 10.7%</b>                        |              |              |
| Access Midstream Partners LP, 6.13%, 7/15/22                        | USD 275      | \$ 285,313   |
| Alpha Appalachia Holdings, Inc.,<br>3.25%, 8/01/15 (e)              | 803          | 720,692      |
| Alpha Natural Resources, Inc.:                                      |              |              |
| 6.00%, 6/01/19  | 315          | 283,500      |
| 6.25%, 6/01/21  | 255          | 228,225      |
| Aurora USA Oil & Gas, Inc., 9.88%, 2/15/17 (b)                      | 680          | 710,600      |
| Berry Petroleum Co., 6.38%, 9/15/22                                 | 410          | 436,650      |
| BreitBurn Energy Partners LP, 7.88%, 4/15/22 (b)                    | 255          | 260,100      |
| CCS, Inc., 11.00%, 11/15/15 (b)                                     | 570          | 589,950      |
| Chaparral Energy, Inc., 7.63%, 11/15/22 (b)                         | 220          | 232,650      |
| Chesapeake Energy Corp.:  |              |              |
| 7.25%, 12/15/18   | 15           | 15,713       |
| 6.63%, 8/15/20  | 180          | 184,950      |
| 6.88%, 11/15/20   | 175          | 181,563      |
| 6.13%, 2/15/21  | 595          | 590,537      |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b)                       | 116          | 123,540      |
| Concho Resources, Inc.:   |              |              |
| 7.00%, 1/15/21  | 160          | 178,400      |
| 6.50%, 1/15/22  | 110          | 118,800      |
| 5.50%, 10/01/22   | 475          | 490,437      |
| Consol Energy, Inc., 8.25%, 4/01/20                                 | 1,765        | 1,901,787    |
| Continental Resources, Inc., 7.13%, 4/01/21                         | 370          | 414,400      |
| Copano Energy LLC, 7.13%, 4/01/21                                   | 300          | 313,500      |
| Crosstex Energy LP:   |              |              |
| 8.88%, 2/15/18  | 180          | 192,150      |
| 7.13%, 6/01/22 (b)  | 150          | 149,250      |
| Crown Oil Partners IV LP, 15.00%, 3/07/15                           | 597          | 596,620      |
| Denbury Resources, Inc., 8.25%, 2/15/20                             | 47           | 53,345       |
| Energy XXI Gulf Coast, Inc.:  |              |              |
| 9.25%, 12/15/17   | 555          | 618,825      |
| 7.75%, 6/15/19  | 900          | 956,250      |
| EP Energy LLC/EP Energy Finance, Inc., 6.88%, 5/01/19 (b)           | 345          | 370,012      |
| EP Energy LLC/Everest Acquisition Finance, Inc., 7.75%, 9/01/22 (b) | 215          | 215,538      |
| EV Energy Partners LP, 8.00%, 4/15/19                               | 150          | 154,875      |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (b)                             | 745          | 819,500      |
| Holly Energy Partners LP, 6.50%, 3/01/20 (b)                        | 155          | 161,975      |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (b)                         | 350          | 371,875      |
| Linn Energy LLC:  |              |              |
| 6.50%, 5/15/19 (b)  | 95           | 94,525       |
| 6.25%, 11/01/19 (b)   | 2,045        | 2,019,437    |
| 8.63%, 4/15/20  | 225          | 243,000      |
| 7.75%, 2/01/21  | 200          | 208,500      |
| MarkWest Energy Partners LP:  |              |              |
| 6.25%, 6/15/22  | 80           | 85,000       |
| 5.50%, 2/15/23  | 225          | 230,063      |
| Newfield Exploration Co., 6.88%, 2/01/20                            | 780          | 852,150      |
| Northern Oil and Gas, Inc., 8.00%, 6/01/20 (b)                      | 310          | 316,200      |
| Oasis Petroleum, Inc.:  |              |              |
| 7.25%, 2/01/19  | 265          | 279,575      |
| 6.50%, 11/01/21   | 290          | 295,800      |
| Offshore Group Investments Ltd.:                                    |              |              |
| 11.50%, 8/01/15 (b)   | 1,330        | 1,469,650    |
| 11.50%, 8/01/15   | 325          | 359,125      |
| OGX Petroleo e Gas Participacoes SA (b):                            |              |              |
| 8.50%, 6/01/18  | 1,997        | 1,772,337    |
| 8.38%, 4/01/22  | 500          | 425,000      |
| PBF Holding Co. LLC, 8.25%, 2/15/20 (b)                             | 295          | 308,275      |
| PetroBakken Energy Ltd., 8.63%, 2/01/20 (b)                         | 1,195        | 1,221,887    |
| Petroleum Geo-Services ASA, 7.38%, 12/15/18 (b)                     | 575          | 613,812      |

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|                                |     |           |
|--------------------------------|-----|-----------|
| Pioneer Natural Resources Co.: |     |           |
| 6.88%, 5/01/18                 | 460 | 556,922   |
| 7.50%, 1/15/20                 | 145 | 181,347   |
| Range Resources Corp.:         |     |           |
| 8.00%, 5/15/19                 | 345 | 381,225   |
| 5.75%, 6/01/21                 | 985 | 1,047,794 |
| 5.00%, 8/15/22                 | 435 | 452,944   |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

(Percentages shown are based on Net Assets)

| <b>Corporate Bonds</b>                                   | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|----------------------|--------------|
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>       |                      |              |
| Sabine Pass Liquefied Natural Gas LP, 7.50%,<br>11/30/16 | USD 610              | \$ 652,700   |
| Samson Investment Co., 9.75%, 2/15/20 (b)                | 83                   | 85,490       |
| <b>SandRidge Energy, Inc.:</b>                           |                      |              |
| 7.50%, 3/15/21   | 250                  | 253,125      |
| 7.50%, 3/15/21 (b)                                       | 690                  | 698,625      |
| 8.13%, 10/15/22 (b)                                      | 255                  | 266,475      |
| 7.50%, 2/15/23 (b)                                       | 545                  | 547,725      |
| <b>SESI LLC:</b>   |                      |              |
| 6.38%, 5/01/19   | 325                  | 344,500      |
| 7.13%, 12/15/21  | 235                  | 261,438      |
| <b>SM Energy Co.:</b>                                    |                      |              |
| 6.63%, 2/15/19   | 130                  | 135,850      |
| 6.50%, 11/15/21  | 265                  | 276,925      |
| 6.50%, 1/01/23 (b)                                       | 125                  | 130,313      |
| Vanguard Natural Resources, 7.88%, 4/01/20               | 270                  | 270,000      |
|  |                      | 30,259,256   |
| <b>Paper &amp; Forest Products 1.6%</b>                  |                      |              |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(f)        | 1,252                | 1,139,184    |
| <b>Boise Paper Holdings LLC:</b>                         |                      |              |
| 9.00%, 11/01/17  | 60                   | 66,450       |
| 8.00%, 4/01/20   | 125                  | 138,125      |
| <b>Clearwater Paper Corp.:</b>                           |                      |              |
| 10.63%, 6/15/16  | 390                  | 435,825      |
| 7.13%, 11/01/18  | 585                  | 639,113      |
| <b>Longview Fibre Paper &amp; Packaging, Inc.,</b>       |                      |              |
| 8.00%, 6/01/16 (b)                                       | 345                  | 357,075      |
| NewPage Corp., 11.38%, 12/31/14 (a)(i)                   | 2,070                | 1,402,425    |
| <b>Sappi Papier Holding GmbH (b):</b>                    |                      |              |
| 8.38%, 6/15/19   | 200                  | 210,500      |
| 6.63%, 4/15/21   | 140                  | 129,500      |
|  |                      | 4,518,197    |
| <b>Pharmaceuticals 1.0%</b>                              |                      |              |
| <b>Capsugel Finance Co. SCA:</b>                         |                      |              |
| 9.88%, 8/01/19   | EUR 100              | 140,559      |
| 9.88%, 8/01/19 (b)                                       | 200                  | 281,118      |
| <b>Pharmaceutical Product Development, Inc.,</b>         |                      |              |
| 9.50%, 12/01/19 (b)                                      | USD 185              | 206,275      |
| Spectrum Brands, Inc., 6.75%, 3/15/20 (b)                | 260                  | 273,000      |
| <b>Valeant Pharmaceuticals International (b):</b>        |                      |              |
| 6.50%, 7/15/16   | 1,245                | 1,313,475    |
| 6.75%, 8/15/21   | 570                  | 578,550      |
|  |                      | 2,792,977    |
| <b>Professional Services 0.3%</b>                        |                      |              |
| FTI Consulting, Inc., 6.75%, 10/01/20                    | 920                  | 982,100      |
| <b>Real Estate Investment Trusts (REITs) 0.7%</b>        |                      |              |
| Felcor Lodging LP, 6.75%, 6/01/19                        | 1,215                | 1,303,088    |
| The Rouse Co. LP, 6.75%, 11/09/15                        | 520                  | 547,950      |
|  |                      | 1,851,038    |
| <b>Real Estate Management &amp; Development 2.3%</b>     |                      |              |

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|  |                      |              |
|--|----------------------|--------------|
| CBRE Services, Inc., 6.63%, 10/15/20                                   | 335                  | 365,987      |
| Crescent Resources LLC/Crescent Ventures, Inc.,<br>10.25%, 8/15/17 (b) | 710                  | 727,750      |
| Forest City Enterprises, Inc., 7.63%, 6/01/15                          | 426                  | 423,604      |
| IVG Immobilien AG, 8.00% (j)   | EUR 200              | 114,208      |
| Realogy Corp.:   |                      |              |
| 11.50%, 4/15/17  | USD 400              | 425,000      |
| 12.00%, 4/15/17  | 100                  | 104,750      |
| 7.88%, 2/15/19 (b)   | 2,065                | 2,126,950    |
| 7.63%, 1/15/20 (b)   | 505                  | 550,450      |
| 9.00%, 1/15/20 (b)   | 335                  | 361,800      |
| Shea Homes LP, 8.63%, 5/15/19  | 1,250                | 1,390,625    |
|  |                      | 6,591,124    |
| <b>Corporate Bonds</b>   | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>Road &amp; Rail 1.3%</b>  |                      |              |
| Florida East Coast Railway Corp., 8.13%, 2/01/17                       | USD 410              | \$ 430,500   |
| The Hertz Corp.:   |                      |              |
| 7.50%, 10/15/18  | 550                  | 593,312      |
| 6.75%, 4/15/19 (b)   | 290                  | 304,500      |
| 7.38%, 1/15/21   | 415                  | 451,313      |
| Hertz Holdings Netherlands BV:   |                      |              |
| 8.50%, 7/31/15   | EUR 188              | 256,566      |
| 8.50%, 7/31/15 (b)   | 1,115                | 1,521,655    |
|  |                      | 3,557,846    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.2%</b>               |                      |              |
| Spansion LLC, 7.88%, 11/15/17  | USD 580              | 565,500      |
| <b>Software 1.3%</b>   |                      |              |
| Audatex North America, Inc., 6.75%, 6/15/18 (b)                        | 530                  | 568,425      |
| Infor US, Inc., 9.38%, 4/01/19 (b)                                     | 1,650                | 1,786,125    |
| Nuance Communications, Inc., 5.38%, 8/15/20 (b)                        | 885                  | 904,913      |
| Sophia LP, 9.75%, 1/15/19 (b)  | 442                  | 475,150      |
|  |                      | 3,734,613    |
| <b>Specialty Retail 2.8%</b>   |                      |              |
| Asbury Automotive Group, Inc., 8.38%, 11/15/20                         | 365                  | 403,325      |
| Claire s Stores, Inc., 9.00%, 3/15/19 (b)                              | 490                  | 508,375      |
| House of Fraser Funding Plc:   |                      |              |
| 8.88%, 8/15/18 (b)   | GBP 285              | 402,193      |
| 8.88%, 8/15/18   | 221                  | 311,876      |
| Limited Brands, Inc.:  |                      |              |
| 8.50%, 6/15/19   | USD 785              | 942,000      |
| 5.63%, 2/15/22   | 160                  | 168,400      |
| Party City Holdings, Inc., 8.88%, 8/01/20 (b)                          | 793                  | 838,597      |
| Penske Automotive Group, Inc.,<br>5.75%, 10/01/22 (b)                  | 540                  | 550,800      |
| Phones4u Finance Plc, 9.50%, 4/01/18 (b)                               | GBP 400              | 612,910      |
| QVC, Inc. (b):   |                      |              |
| 7.13%, 4/15/17   | USD 230              | 243,276      |
| 7.50%, 10/01/19  | 625                  | 692,509      |
| 7.38%, 10/15/20  | 290                  | 323,138      |
| 5.13%, 7/02/22   | 429                  | 449,653      |
| Sally Holdings LLC:  |                      |              |
| 6.88%, 11/15/19  | 545                  | 609,038      |
| 5.75%, 6/01/22   | 435                  | 468,169      |
| Sonic Automotive, Inc., 9.00%, 3/15/18                                 | 370                  | 404,225      |
|  |                      | 7,928,484    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>                       |                      |              |
| Levi Strauss & Co., 6.88%, 5/01/22                                     | 440                  | 456,500      |
| <b>Trading Companies &amp; Distributors 0.6%</b>                       |                      |              |
| Ashtead Capital, Inc., 6.50%, 7/15/22 (b)                              | 490                  | 509,600      |
| Doric Nimrod Air Finance Alpha Ltd. (b):                               |                      |              |
| Series 2012-1, Class A, 5.13%, 11/30/24                                | 635                  | 644,525      |
| Series 2012-1, Class B, 6.50%, 5/30/21                                 | 575                  | 581,797      |

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|  |             |           |
|--|-------------|-----------|
|  |             | 1,735,922 |
| <b>Transportation Infrastructure</b>             | <b>0.2%</b> |           |
| Aguila 3 SA, 7.88%, 1/31/18 (b)                  | 431         | 454,166   |
| <b>Wireless Telecommunication Services</b>       | <b>4.0%</b> |           |
| Cricket Communications, Inc.:                    |             |           |
| 7.75%, 5/15/16                                   | 110         | 116,050   |
| 7.75%, 10/15/20                                  | 215         | 208,550   |
| Digicel Group Ltd. (b):                          |             |           |
| 9.13%, 1/15/15                                   | 1,783       | 1,800,830 |
| 8.25%, 9/01/17                                   | 1,180       | 1,250,800 |
| 10.50%, 4/15/18                                  | 1,020       | 1,101,600 |
| Matterhorn Mobile Holdings SA, 8.25%, 2/15/20    | EUR 195     | 265,506   |
| MetroPCS Wireless, Inc., 6.63%, 11/15/20         | USD 760     | 786,600   |
| NII Capital Corp., 7.63%, 4/01/21                | 341         | 263,422   |
| SBA Telecommunications, Inc., 5.75%, 7/15/20 (b) | 286         | 298,870   |

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

(Percentages shown are based on Net Assets)

| Corporate Bonds   | Par<br>(000) | Value              |
|---|--------------|--------------------|
| <b>Wireless Telecommunication Services (concluded)</b>                |              |                    |
| Sprint Capital Corp., 6.88%, 11/15/28                                 | USD 1,827    | \$ 1,653,435       |
| Sprint Nextel Corp. (b):  |              |                    |
| 9.00%, 11/15/18   | 1,780        | 2,100,400          |
| 7.00%, 3/01/20  | 1,330        | 1,456,350          |
|   |              | 11,302,413         |
| <b>Total Corporate Bonds 104.3%</b>                                   |              | <b>294,641,890</b> |
| <b>Floating Rate Loan Interests (d)</b>                               |              |                    |
| <b>Airlines 0.1%</b>  |              |                    |
| Delta Air Lines, Inc., Credit, Term Loan B,<br>5.50%, 4/20/17         | 396          | 398,797            |
| <b>Auto Components 0.5%</b>   |              |                    |
| Federal-Mogul Corp., Term Loan B,<br>2.17% 2.18%, 12/29/14            | 945          | 901,873            |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                           | 395          | 396,153            |
|   |              | 1,298,026          |
| <b>Building Products 0.2%</b>   |              |                    |
| Goodman Global, Inc., Term Loan (Second Lien),<br>9.00%, 10/30/17     | 398          | 402,949            |
| <b>Capital Markets 0.7%</b>   |              |                    |
| American Capital Holdings, Term Loan,<br>5.50%, 7/19/16               | 816          | 819,060            |
| Nuveen Investments, Inc.:   |              |                    |
| Incremental Term Loan, 7.25%, 5/13/17                                 | 655          | 657,947            |
| Second Lien Term Loan, 8.25%, 2/28/19                                 | 415          | 417,594            |
|   |              | 1,894,601          |
| <b>Chemicals 0.7%</b>   |              |                    |
| Evergreen Acqco 1 LP, Term Loan B,<br>6.25%, 7/09/19                  | 170          | 171,595            |
| INEOS US Finance LLC, 6 Year Term Loan,<br>6.50%, 5/04/18             | 1,147        | 1,148,800          |
| PQ Corp., Term Loan B, 3.98%, 7/30/14                                 | 290          | 284,529            |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17                          | 393          | 365,804            |
|   |              | 1,970,728          |
| <b>Commercial Services &amp; Supplies 0.7%</b>                        |              |                    |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16          | 465          | 465,004            |
| Delos Aircraft, Inc., Term Loan B2, 4.75%, 4/12/16                    | 550          | 555,500            |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16 | 983          | 982,500            |
|   |              | 2,003,004          |
| <b>Communications Equipment 0.8%</b>                                  |              |                    |
| Avaya, Inc., Term Loan B1, 3.18%, 10/24/14                            | 254          | 243,513            |
| Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19                          | 2,075        | 2,105,482          |
|   |              | 2,348,995          |

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|   |     |              |              |
|---|-----|--------------|--------------|
| <b>Construction &amp; Engineering 0.7%</b>  |     |              |              |
| Safway Services LLC, Mezzanine Loan,<br>15.63%, 12/16/17                          |     | 2,000        | 2,000,000    |
| <b>Construction Materials 0.4%</b>  |     |              |              |
| HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17                                   |     | 1,115        | 1,139,162    |
| <b>Consumer Finance 1.7%</b>  |     |              |              |
| Springleaf Financial Funding Co., Term Loan,<br>5.50%, 5/10/17                    |     | 5,085        | 4,910,839    |
| <b>Diversified Consumer Services 0.1%</b>   |     |              |              |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 6/18/18                   |     | 144          | 140,723      |
|   |     | <b>Par</b>   |              |
|   |     | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (d)</b>   |     |              |              |
| <b>Diversified Consumer Services (concluded)</b>                                  |     |              |              |
| ServiceMaster Co.:  |     |              |              |
| Delayed Draw Term Loan, 2.74%, 7/24/14  | USD | 8            | \$ 8,426     |
| Term Loan, 2.75% 2.97%, 7/24/14   |     | 85           | 84,608       |
|   |     |              | 233,757      |
| <b>Diversified Financial Services 0.5%</b>  |     |              |              |
| Residential Capital LLC:  |     |              |              |
| DIP Term Loan A1, 5.00%, 11/18/13   |     | 1,255        | 1,258,137    |
| DIP Term Loan A2, 6.75%, 11/18/13   |     | 185          | 187,159      |
|   |     |              | 1,445,296    |
| <b>Diversified Telecommunication Services 0.5%</b>                                |     |              |              |
| Level 3 Financing, Inc.:  |     |              |              |
| 2016 Term Loan B, 4.75%, 2/01/16  |     | 330          | 330,660      |
| 2019 Term Loan B, 5.25%, 8/01/19  |     | 270          | 270,394      |
| Term Loan B3, 5.75%, 8/31/18  |     | 850          | 852,244      |
|   |     |              | 1,453,298    |
| <b>Electronic Equipment, Instruments &amp; Components 0.1%</b>                    |     |              |              |
| CDW LLC, Extended Term Loan, 4.00%, 7/14/17                                       |     | 276          | 272,290      |
| <b>Energy Equipment &amp; Services 2.2%</b>                                       |     |              |              |
| Dynergy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16                |     | 1,981        | 2,055,246    |
| Dynergy Power LLC, Gas Co. Term Loan,<br>9.25%, 8/04/16                           |     | 3,626        | 3,795,937    |
| Tervita Corp., Incremental Term Loan,<br>6.50%, 10/17/14                          |     | 274          | 273,398      |
|   |     |              | 6,124,581    |
| <b>Food &amp; Staples Retailing 0.0%</b>  |     |              |              |
| US Foods, Inc. (FKA U.S. Foodservice, Inc.), Extended Term Loan B, 5.75%, 3/31/17 |     | 74           | 71,704       |
| <b>Food Products 0.3%</b>   |     |              |              |
| Advance Pierre Foods, Term Loan (Second Lien), 11.25%, 9/29/17                    |     | 900          | 905,400      |
| <b>Health Care Equipment &amp; Supplies 0.5%</b>                                  |     |              |              |
| Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19                                  |     | 475          | 476,582      |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                                  |     | 763          | 765,949      |
| LHP Hospital Group, Inc., Term Loan,<br>9.00%, 7/03/18                            |     | 285          | 287,137      |
|   |     |              | 1,529,668    |
| <b>Health Care Providers &amp; Services 0.5%</b>                                  |     |              |              |
| Harden Healthcare LLC:  |     |              |              |
| Add on Term Loan A, 7.75%, 3/02/15  |     | 387          | 375,509      |
| Term Loan A, 8.50%, 3/02/15   |     | 367          | 360,007      |
| InVentiv Health, Inc., Combined Term Loan, 6.50%, 8/04/16                         |     | 683          | 635,995      |
|   |     |              | 1,371,511    |
| <b>Hotels, Restaurants &amp; Leisure 1.2%</b>                                     |     |              |              |
| Caesars Entertainment Operating Co., Inc.:  |     |              |              |
| Extended Term Loan B6, 5.49%, 1/26/18   |     | 200          | 175,812      |
| Incremental Term Loan B4, 9.50%, 10/31/16   |     | 483          | 492,041      |
| Term Loan B1, 3.24%, 1/28/15  |     | 411          | 389,885      |
| Term Loan B2, 3.24%, 1/28/15  |     | 444          | 421,185      |
| Term Loan B3, 3.24% 3.46%, 1/28/15  |     | 965          | 915,341      |

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OSI Restaurant Partners LLC:

|  |     |         |
|--|-----|---------|
| Revolver, 2.49% 4.50%, 6/14/13                                 | 9   | 9,354   |
| Term Loan B, 2.56%, 6/14/14                                    | 95  | 94,275  |
| Sabre, Inc., Non Extended Initial Term Loan,<br>2.23%, 9/30/14 | 64  | 62,961  |
| Station Casinos, Inc., Term Loan B1,<br>3.23%, 6/17/16         | 868 | 824,651 |
| Travelport LLC:  |     |         |
| Extended Tranche A Term Loan, 6.44%, 9/28/12                   | 193 | 57,871  |
| Extended Tranche B Term Loan, 13.94%, 12/01/16                 | 622 | 49,753  |

3,493,129

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

(Percentages shown are based on Net Assets)

|  | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|----------------------|--------------|
| <b>Floating Rate Loan Interests (d)</b>                            |                      |              |
| <b>Industrial Conglomerates 0.1%</b>                               |                      |              |
| Sequa Corp.:   |                      |              |
| Incremental Term Loan, 6.25%, 12/03/14                             | USD 178              | \$ 178,898   |
| Term Loan, 3.69% 3.72%, 12/03/14                                   | 155                  | 153,935      |
|  |                      | 332,833      |
| <b>IT Services 0.3%</b>  |                      |              |
| Ceridian Corp., Extended Term Loan,<br>5.99%, 5/09/17              | 68                   | 68,258       |
| First Data Corp., 2018 Term Loan B,<br>4.24%, 3/23/18              | 785                  | 741,174      |
|  |                      | 809,432      |
| <b>Leisure Equipment &amp; Products 0.2%</b>                       |                      |              |
| Eastman Kodak Co., DIP Term Loan B,<br>8.50%, 7/19/13              | 653                  | 646,881      |
| <b>Machinery 0.5%</b>  |                      |              |
| Navistar International Corp., Term Loan B,<br>7.00%, 8/17/17       | 676                  | 678,879      |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18                         | 592                  | 594,352      |
|  |                      | 1,273,231    |
| <b>Media 4.8%</b>  |                      |              |
| Affinion Group, Inc., Term Loan B, 5.00%, 7/15/15                  | 40                   | 33,595       |
| Cengage Learning Acquisitions, Inc.:                               |                      |              |
| Non-Extended Term Loan, 2.49%, 7/03/14                             | 323                  | 297,642      |
| Tranche 1 Incremental, Term Loan, 7.50%, 7/03/14                   | 1,676                | 1,617,000    |
| Cequel Communications LLC, Term Loan B,<br>4.00%, 2/14/19          | 474                  | 472,827      |
| Clear Channel Communications, Inc.:                                |                      |              |
| Term Loan B, 3.88%, 1/28/16  | 1,936                | 1,499,459    |
| Term Loan C, 3.88%, 1/28/16  | 385                  | 292,430      |
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18          | 435                  | 437,936      |
| Intelsat Jackson Holdings SA, Tranche B Term Loan, 5.25%, 4/02/18  | 6,364                | 6,385,066    |
| Interactive Data Corp., Term Loan B, 4.50%, 2/12/18                | 409                  | 409,564      |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13                 | 1,325                | 1,332,182    |
| Thomson Reuters (Healthcare), Inc., Term Loan B,<br>6.75%, 6/06/19 | 375                  | 377,655      |
| Univision Communications, Inc., Extended Term Loan, 4.48%, 3/31/17 | 301                  | 291,182      |
|  |                      | 13,446,538   |
| <b>Metals &amp; Mining 0.2%</b>                                    |                      |              |
| Constellium Holding Co. BV, Term Loan B,<br>9.25%, 5/25/18         | 430                  | 421,400      |
| <b>Oil, Gas &amp; Consumable Fuels 0.8%</b>                        |                      |              |
| Chesapeake Energy Corp., Unsecured Term Loan,<br>8.50%, 12/01/17   | 1,200                | 1,202,580    |
| Obsidian Natural Gas Trust, Term Loan,<br>7.00%, 11/02/15          | 1,003                | 1,003,160    |
|  |                      | 2,205,740    |
| <b>Paper &amp; Forest Products 0.6%</b>                            |                      |              |
| Ainsworth Lumber Co. Ltd., Term Loan,<br>5.25%, 6/26/14            | 390                  | 377,325      |

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|   |                  |              |
|---|------------------|--------------|
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                            | 600              | 605,628      |
| Verso Paper Finance Holdings LLC, Term Loan, 6.49% 7.24%, 2/01/13       | 1,535            | 767,555      |
|   |                  | 1,750,508    |
| <b>Pharmaceuticals 0.5%</b>   |                  |              |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                       | 985              | 981,306      |
| Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18  | 313              | 316,621      |
|   |                  | 1,297,927    |
|   | <b>Par (000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (d)</b>                                 |                  |              |
| <b>Real Estate Investment Trusts (REITs) 0.4%</b>                       |                  |              |
| iStar Financial, Inc.:  |                  |              |
| Term Loan A1, 5.00%, 6/28/13  | USD 1,080        | \$ 1,080,900 |
| Term Loan A2, 7.00%, 6/30/14  | 5                | 5,005        |
|   |                  | 1,085,905    |
| <b>Real Estate Management &amp; Development 0.4%</b>                    |                  |              |
| Realogy Corp.:  |                  |              |
| Extended Letter of Credit Loan, 4.50%, 10/10/16                         | 111              | 107,609      |
| Extended Term Loan, 4.49%, 10/10/16                                     | 737              | 711,002      |
| Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17              | 185              | 184,075      |
|   |                  | 1,002,686    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b>                |                  |              |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 70               | 70,477       |
| <b>Software 0.4%</b>  |                  |              |
| Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18 | 1,232            | 1,244,577    |
| <b>Specialty Retail 0.1%</b>  |                  |              |
| Claire's Stores, Inc., Term Loan B, 2.98% 3.20%, 5/29/14                | 387              | 380,054      |
| <b>Textiles, Apparel &amp; Luxury Goods 0.4%</b>                        |                  |              |
| Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18           | 1,137            | 1,126,722    |
| <b>Wireless Telecommunication Services 1.2%</b>                         |                  |              |
| Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19           | 49               | 49,414       |
| Vodafone Americas Finance 2, Inc. (f):                                  |                  |              |
| Term Loan, 6.88%, 8/11/15   | 1,938            | 2,015,700    |
| Term Loan B, 6.25%, 7/11/16   | 1,341            | 1,367,437    |
|   |                  | 3,432,551    |
| <b>Total Floating Rate Loan Interests 23.3%</b>                         |                  | 65,795,197   |

|  | <b>Beneficial Interest (000)</b> |       |
|--|----------------------------------|-------|
| <b>Other Interests (k)</b>                           |                                  |       |
| <b>Auto Components 0.0%</b>                          |                                  |       |
| Lear Corp. Escrow                                    | 460,000                          | 4,887 |
| <b>Chemicals 0.0%</b>                                |                                  |       |
| Wellman Holdings, Inc., Litigation Trust Certificate | 2,830,000                        | 28    |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>        |                                  |       |
| Buffets, Inc. (a)                                    | 575,000                          | 6     |
| <b>Media 0.0%</b>                                    |                                  |       |
| Adelphia Escrow (a)                                  | 750,000                          | 8     |
| Adelphia Recovery Trust (a)                          | 940,601                          | 94    |
|  |                                  | 102   |
| <b>Total Other Interests 0.0%</b>                    |                                  | 5,023 |

**Preferred Securities**

|   | <b>Par</b>   |         |
|---|--------------|---------|
| <b>Capital Trusts 0.2%</b>                    | <b>(000)</b> |         |
| <b>Insurance 0.2%</b>                         |              |         |
| Genworth Financial, Inc., 6.15%, 11/15/66 (d) | 865          | 519,000 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

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

(Percentages shown are based on Net Assets)

| Preferred Stocks  | Shares           | Value          |
|---|------------------|----------------|
| <b>Auto Components 0.7%</b>   |                  |                |
| Dana Holding Corp., 4.00% (b)(e)  | 17,830           | \$ 2,083,881   |
| <b>Diversified Financial Services 1.5%</b>  |                  |                |
| Ally Financial, Inc., 7.00% (b)   | 4,464            | 4,064,891      |
| <b>Real Estate Investment Trusts (REITs) 0.1%</b>   |                  |                |
| MPG Office Trust, Inc., Series A, 7.63% (a)   | 8,994            | 206,682        |
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>  |                  |                |
| Fannie Mae, Series O, 7.00% (a)   | 30,000           | 36,000         |
| Freddie Mac, Series Z, 8.38% (a)  | 75,961           | 70,644         |
|   |                  | 106,644        |
| <b>Total Preferred Stocks 2.3%</b>  |                  | 6,462,098      |
| <b>Trust Preferreds</b>   |                  |                |
| <b>Diversified Financial Services 0.9%</b>  |                  |                |
| GMAC Capital Trust I, Series 2,<br>8.13%, 2/15/40 (b)   | 76,790           | 1,897,696      |
| RBS Capital Funding Trust VII,<br>6.08% (a)(d)(i)(j)  | 26,500           | 497,060        |
| <b>Total Trust Preferreds 0.9%</b>  |                  | 2,394,756      |
| <b>Total Preferred Securities 3.4%</b>  |                  | 9,375,854      |
| <b>Warrants (I)</b>   |                  |                |
| <b>Containers &amp; Packaging 0.0%</b>  |                  |                |
| MDP Acquisitions Plc (Expires 10/10/13)   | 700              | 29,437         |
| <b>Health Care Providers &amp; Services 0.0%</b>  |                  |                |
| HealthSouth Corp. (Expires 1/16/14)   | 32,042           |                |
| <b>Media 0.0%</b>   |                  |                |
| New Vision Holdings LLC (Expires 9/30/14)   | 22               |                |
| <b>Software 0.0%</b>  |                  |                |
| Bankruptcy Management Solutions, Inc. (Expires 9/28/17)   | 334              |                |
| HMH Holdings/EduMedia (Issued/Exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19,<br>Strike Price \$42.27) | 1,164            |                |
| <b>Total Warrants 0.0%</b>  |                  | 29,437         |
| <b>Total Long-Term Investments</b>  |                  |                |
| (Cost \$383,887,453) 138.9%   |                  | 392,159,838    |
| <b>Options Purchased</b>  | <b>Contracts</b> |                |
| <b>Over-the-Counter Call Options 0.0%</b>   |                  |                |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/14/19, Broker Goldman<br>Sachs Group, Inc.        | 19               |                |
| <b>Total Options Purchased</b>  |                  |                |
| (Cost \$18,578) 0.0%  |                  |                |
| <b>Total Investments (Cost \$383,906,031) 138.9%</b>  |                  | 392,159,838    |
| <b>Liabilities in Excess of Other Assets (38.9%)</b>  |                  | (109,733,285)  |
| <b>Net Assets 100.0%</b>  |                  | \$ 282,426,553 |

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- (a) Non-income producing security.
  
- (b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. 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) Variable rate security. Rate shown is as of report date.

- (e) Convertible security.
  
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
  
- (g) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
  
- (h) When-issued security. Unsettled when-issued transaction was as follows:

| Counterparty              | Value        | Unrealized<br>Appreciation |
|---------------------------|--------------|----------------------------|
| Goldman Sachs Group, inc. | \$ 1,639,238 | \$ 20,238                  |

- (i) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
  
- (j) Security is perpetual in nature and has no stated maturity date.
  
- (k) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
  
- (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.

Investments in issuers considered to be an affiliate of the Fund during the six months ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, as amended, were as follows:

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| Affiliate  | Shares<br>Held at<br>February 29,<br>2012 | Net<br>Activity | Shares<br>Held at<br>August 31,<br>2012 | Income |
|--|---|-----------------|---|--------|
| BlackRock Liquidity Funds, TempFund, Institutional Class |   |                 |   | \$ 444 |

Financial futures contracts sold as of August 31, 2012 were as follows:

| Contracts | Issue                   | Exchange              | Expiration        | Notional<br>Value | Unrealized<br>Depreciation |
|-----------|-------------------------|-----------------------|-------------------|-------------------|----------------------------|
| 117       | S&P 500<br>E-Mini Index | Chicago<br>Mercantile | September<br>2012 | \$ 8,219,835      | \$ (565,522)               |

Foreign currency exchange contracts as of August 31, 2012 were as follows:

| Currency Purchased | Currency Sold | Counter<br>party   | Settle<br>ment<br>Date | Unrealized<br>Appreciation<br>(Depreciation) |
|--------------------|---------------|--------------------|------------------------|--|
| GBP                |               | Citigroup,<br>Inc. | 10/17/12               | \$ 5,258                                     |
| GBP                | 155,000       | USD                | 240,823                |  |
| GBP                | 72,000        | USD                | 112,584                | 1,724  |
| USD                | 74,743        | AUD                | 74,000                 | (1,412)                                      |
| USD                | 129,182       | AUD                | 127,000                | (1,516)                                      |
| USD                | 2,776,254     | CAD                | 2,819,500              | (81,423)                                     |
| USD                | 4,179,821     | GBP                | 2,692,500              | (94,837)                                     |
| USD                | 73,703        | GBP                | 47,000                 | (915)  |
| USD                | 70,686        | GBP                | 45,000                 | (757)  |
| EUR                | 270,000       | USD                | 330,556                | 9,225  |
| EUR                | 300,000       | USD                | 367,285                | 10,250                                       |
| EUR                | 292,000       | USD                | 358,211                | 9,256  |
| EUR                | 169,000       | USD                | 208,807                | 3,871  |
| USD                | 18,442,105    | EUR                | 15,042,500             | (488,108)                                    |
| USD                | 242,162       | EUR                | 197,000                | (5,752)                                      |
| USD                | 422,430       | EUR                | 340,000                | (5,443)                                      |
| USD                | 106,848       | EUR                | 85,000                 | (120)  |
| USD                | 562,117       | EUR                | 455,000                | (10,477)                                     |
| USD                | 262,857       | EUR                | 213,000                | (5,193)                                      |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

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

Foreign currency exchange contracts as of August 31, 2012 were as follows (concluded):

| Currency Purchased |         | Currency Sold |         | Counter party | Settle ment Date | Unrealized Appreciation (Depreciation) |
|--------------------|---------|---------------|---------|---------------|------------------|--|
| USD                | 255,542 | EUR           | 207,000 | UBS AG        | 10/22/12         | \$ (4,957)                             |
| USD                | 132,758 | EUR           | 108,000 | UBS AG        | 10/22/12         | (3,155)                                |
| USD                | 65,174  | EUR           | 52,000  | UBS AG        | 10/22/12         | (266)                                  |
| <b>Total</b>       |         |               |         |               |                  | \$ (664,747)                           |

Credit default swaps on single-name issues - buy protection outstanding as of August 31, 2012 were as follows:

| Issuer                    | Pay Fixed Rate | Counterparty     | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|---------------------------|----------------|------------------|-----------------|-----------------------|--|
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 170                | \$ (12,110)                            |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 105                | (7,783)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 85                 | (6,981)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 90                 | (4,594)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG | 6/20/15         | \$ 90                 | (5,158)                                |
| Republic of Hungary       | 1.00%          | Deutsche Bank AG | 12/20/15        | \$ 300                | 5,456                                  |
| Israel (State of)         | 1.00%          | Deutsche Bank AG | 3/20/17         | \$ 225                | (5,043)                                |
| Israel Government Bond    | 1.00%          | Deutsche Bank AG | 3/20/17         | \$ 675                | (15,553)                               |
| <b>Total</b>              |                |                  |                 |                       | \$ (51,766)                            |

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2012 were as follows:

| Issuer          | Receive Fixed Rate | Counter party     | Expiration Date | Issuer Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation |
|-----------------|--------------------|-------------------|-----------------|-----------------------------------|------------------------------------|-------------------------|
| Air Lease Corp. | 5.00%              | Goldman           | 2/14/13         | NR                                | \$ 500                             | \$ 8,290                |
| CIT Group, Inc. | 5.00%              | Sachs Group, Inc. | 9/20/15         | BB-                               | \$ 3,400                           | 442,214                 |

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|               |       |   |         |   |        |        |
|---------------|-------|---|---------|---|--------|--------|
| Aramark Corp. | 5.00% | Deutsche Bank AG<br>Goldman Sachs Group, Inc. | 3/20/16 | B | \$ 500 | 41,882 |
| Aramark Corp. | 5.00% | Goldman Sachs Group, Inc.                     | 6/20/16 | B | \$ 300 | 25,338 |
| Aramark Corp. | 5.00% | Goldman Sachs Group, Inc.                     | 6/20/16 | B | \$ 300 | 27,000 |
| Aramark Corp. | 5.00% | Credit Suisse Group AG                        | 9/20/16 | B | \$ 125 | 14,934 |
| Aramark Corp. | 5.00% | Goldman Sachs Group, Inc.                     | 9/20/16 | B | \$ 350 | 30,667 |
| Aramark Corp. | 5.00% | Goldman Sachs Group, Inc.                     | 9/20/16 | B | \$ 125 | 14,522 |
| Aramark Corp. | 5.00% | Deutsche Bank AG                              | 3/20/17 | B | \$ 200 | 13,202 |

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2012 were as follows (concluded):

| Issuer                           | Receive Fixed Rate | Counterparty              | Expiration Date | Issuer Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation |
|----------------------------------|--------------------|---------------------------|-----------------|-----------------------------------|------------------------------------|-------------------------|
| Crown Castle International Corp. | 7.25%              | Deutsche Bank AG          | 3/20/17         | B-                                | \$ 470                             | \$ 6,699                |
| Ford Motor Co.                   | 5.00%              | Deutsche Bank AG          | 3/20/17         | BB+                               | \$ 1,500                           | 66,071                  |
| Goodyear Tire & Rubber Co.       | 5.00%              | Deutsche Bank AG          | 6/20/17         | B+                                | \$ 310                             | 14,445                  |
| Goodyear Tire & Rubber Co.       | 5.00%              | Goldman Sachs Group, Inc. | 6/20/17         | B+                                | \$ 300                             | 10,572                  |
| CCO Holdings LLC                 | 8.00%              | Deutsche Bank AG          | 9/20/17         | BB-                               | \$ 1,600                           | 130,344                 |
| Level 3 Communications, Inc.     | 5.00%              | Goldman Sachs Group, Inc. | 6/20/19         | B-                                | \$ 1,000                           | 27,335                  |
| <b>Total</b>                     |                    |                           |                 |                                   |                                    | \$ 873,515              |

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

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

Credit default swaps on traded indexes - buy protection outstanding as of August 31, 2012 were as follows:

| Index  | Pay Fixed Rate | Counterparty           | Expiration Date | Notional Amount (000) | Unrealized Depreciation |
|--|----------------|------------------------|-----------------|-----------------------|-------------------------|
| Dow Jones CDX North America High Yield Series 18 | 5.00%          | Credit Suisse Group AG | 6/20/17         | \$ 1,881              | \$ (6,100)              |

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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. These definitions 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 derivative financial instrument. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted 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 derivative financial instrument)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2012:

|                              | Level 1              | Level 2               | Level 3              | Total                 |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                      |                       |                      |                       |
| Investments:                 |                      |                       |                      |                       |
| Long-Term Investments:       |                      |                       |                      |                       |
| Common Stocks                | \$ 17,584,878        | \$ 705,889            | \$ 4,021,670         | \$ 22,312,437         |
| Corporate Bonds              |                      | 290,263,669           | 4,378,221            | 294,641,890           |
| Floating Rate Loan Interests |                      | 53,781,377            | 12,013,820           | 65,795,197            |
| Other Interests              | 94                   |                       | 4,929                | 5,023                 |
| Preferred Securities         | 2,708,082            | 6,667,772             |                      | 9,375,854             |
| Warrants                     |                      | 29,437                |                      | 29,437                |
| <b>Total</b>                 | <b>\$ 20,293,054</b> | <b>\$ 351,448,144</b> | <b>\$ 20,418,640</b> | <b>\$ 392,159,838</b> |

|   | Level 1             | Level 2             | Level 3           | Total               |
|---|---------------------|---------------------|-------------------|---------------------|
| Derivative Financial Instruments <sup>1</sup> |                     |                     |                   |                     |
| <b>Assets:</b>                                |                     |                     |                   |                     |
| Credit contracts                              |                     | \$ 291,424          | \$ 587,547        | \$ 878,971          |
| Foreign currency exchange contracts           |                     | 39,584              |                   | 39,584              |
| <b>Liabilities:</b>                           |                     |                     |                   |                     |
| Credit contracts                              |                     | (63,322)            |                   | (63,322)            |
| Equity contracts                              | \$ (565,522)        |                     |                   | (565,522)           |
| Foreign currency exchange contracts           |                     | (704,331)           |                   | (704,331)           |
| <b>Total</b>                                  | <b>\$ (565,522)</b> | <b>\$ (436,645)</b> | <b>\$ 587,547</b> | <b>\$ (414,620)</b> |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value. Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1             | Level 2                 | Level 3 | Total                   |
|--|---------------------|-------------------------|---------|-------------------------|
| <b>Assets:</b>   |                     |                         |         |                         |
| Cash   | \$ 893,481          |                         |         | \$ 893,481              |
| Cash pledged as collateral for financial futures contracts | 533,000             |                         |         | 533,000                 |
| Cash pledged as collateral for swaps                       | 100,000             |                         |         | 100,000                 |
| Foreign currency at value                                  | 229,653             |                         |         | 229,653                 |
| <b>Liabilities:</b>  |                     |                         |         |                         |
| Cash received as collateral for swaps                      |                     | \$ (400,000)            |         | (400,000)               |
| Loan payable   |                     | (115,000,000)           |         | (115,000,000)           |
| <b>Total</b>   | <b>\$ 1,756,134</b> | <b>\$ (115,400,000)</b> |         | <b>\$ (113,643,866)</b> |

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As of February 29, 2012, the Fund used observable inputs in determining the value of certain equity securities. During the year, the Fund began valuing these securities using unadjusted price quotations from an exchange. As a result, investments with a beginning of period value of \$7,570,792 transferred from Level 2 to Level 1 in the disclosure hierarchy.

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the fair value of certain of the Fund's Level 3 investments as of August 31, 2012:

|                              | Value                | Valuation Techniques        | Unobservable Inputs <sup>2</sup> | Range of Unobservable Inputs | Weighted Average of Unobservable Inputs <sup>3</sup> |
|------------------------------|----------------------|-----------------------------|----------------------------------|------------------------------|--|
| <b>Assets:</b>               |                      |                             |                                  |                              |  |
| Common Stocks                | \$ 4,021,665         | Market Comparable Companies | EBITDA Multiple                  | 5.9x                         | 5.9x   |
|                              |                      |                             | Forward EBITDA Multiple          | 4.6x                         | 4.6x   |
|                              |                      | Cost                        | N/A <sup>4</sup>                 |                              |  |
| Corporate Bonds              | 4,104,796            | Market Comparable Companies | Yield                            | 7.00% 9.67%                  | 8.74%  |
|                              |                      |                             | EBITDA Multiple                  | 6.0x                         | 6.0x   |
|                              |                      | Cost                        | N/A <sup>4</sup>                 |                              |  |
| Floating Rate Loan interests | 3,503,071            | Market Comparable Companies | Illiquidity Discount             | 50%                          | 50%  |
|                              |                      |                             | Yield                            | 9.65%                        | 9.65%  |
|                              |                      | Cost                        | N/A <sup>4</sup>                 |                              |  |
| <b>Total<sup>5</sup></b>     | <b>\$ 11,629,532</b> |                             |                                  |                              |  |

<sup>2</sup> A change to the unobservable input may result in a significant change to the value of the investment as follows:

| Unobservable Input      | Impact to Value if Input Increases | Impact to Value if Input Decreases |
|-------------------------|------------------------------------|------------------------------------|
| EBITDA Multiple         | Increase                           | Decrease                           |
| Forward EBITDA Multiple | Increase                           | Decrease                           |
| Illiquidity Discount    | Decrease                           | Increase                           |
| Yield                   | Decrease                           | Increase                           |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (concluded)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

- <sup>3</sup> Unobservable inputs are weighted based on the value of the investments included in the range.
- <sup>4</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.
- <sup>5</sup> Does not include Level 3 investments with values derived utilizing prices from recent prior transactions or third party pricing information without adjustment for which such inputs are unobservable. See above valuation input table for values of such Level 3 investments. A significant change in third party pricing information could result in a significantly lower or higher value in such Level 3 investments.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of period in relation to net assets. 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 Interests | Other<br>Interests | Preferred<br>Securities | Warrants  | Total                |
|---|---------------------|---------------------|---------------------------------|--------------------|-------------------------|-----------|----------------------|
| <b>Assets/Liabilities:</b>                                      |                     |                     |                                 |                    |                         |           |                      |
| Opening balance, as of February 29, 2012                        | \$ 4,322,217        | \$ 4,458,734        | \$ 9,295,244                    | \$ 4,642           | \$ 352,582              | \$ 1      | \$ 18,433,420        |
| Transfers into Level 3 <sup>1</sup>                             |                     |                     | 2,542,871                       |                    |                         |           | 2,542,871            |
| Transfers out of Level 3 <sup>2</sup>                           | (38,470)            |                     | (219,217)                       |                    |                         |           | (257,687)            |
| Accrued discounts/premiums                                      |                     | 1,737               | 62,211                          |                    |                         |           | 63,948               |
| Net realized gain (loss)  | (937,908)           |                     | (352,573)                       |                    | (87,104)                | (177,871) | (1,555,456)          |
| Net change in unrealized appreciation/depreciation <sup>3</sup> | 522,915             | (55,811)            | 399,346                         | 287                | 110,561                 | 177,870   | 1,155,168            |
| Purchases   | 152,928             | 56,611              | 1,732,804                       |                    |                         |           | 1,942,343            |
| Sales   | (12)                | (83,050)            | (1,446,866)                     |                    | (376,039)               |           | (1,905,967)          |
| <b>Closing Balance, as of August 31, 2012</b>                   | <b>\$ 4,021,670</b> | <b>\$ 4,378,221</b> | <b>\$ 12,013,820</b>            | <b>\$ 4,929</b>    |                         |           | <b>\$ 20,418,640</b> |

- <sup>1</sup> As of February 29, 2012, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$2,542,871 transferred from Level 2 to Level 3 in the disclosure hierarchy.
- <sup>2</sup> As of February 29, 2012, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$257,687 transferred from Level 3 to Level 2 in the disclosure hierarchy.
- <sup>3</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$(373,524).

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

|   | Credit            |
|---|-------------------|
|   | Contracts         |
| <b>Assets/Liabilities:</b>                                      |                   |
| Opening balance, as of February 29, 2012                        | \$ 237,861        |
| Transfers into Level 3 <sup>4</sup>                             |                   |
| Transfers out of Level 3 <sup>4</sup>                           |                   |
| Accrued discounts/premiums                                      |                   |
| Net realized gain (loss)  |                   |
| Net change in unrealized appreciation/depreciation <sup>5</sup> | 349,686           |
| Purchases   |                   |
| Issuances <sup>6</sup>  |                   |
| Sales   |                   |
| Settlements <sup>7</sup>  |                   |
| <b>Closing Balance, as of August 31, 2012</b>                   | <b>\$ 587,547</b> |

<sup>4</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>5</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statement of Operations. The change in unrealized appreciation/depreciation on derivative financial instruments still held at August 31, 2012 was \$349,686.

<sup>6</sup> Issuances represent upfront cash received on certain derivative financial instruments.

<sup>7</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments**

August 31, 2012 (Unaudited)

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

|  | <b>Par</b>    |                   |
|--|---------------|-------------------|
| <b>Asset-Backed Securities</b>   | <b>(000)</b>  | <b>Value</b>      |
| CSAM Funding, Series 2A, Class B1,<br>7.05%, 10/15/16 (a)                                | USD 625       | \$ 631,500        |
| Fraser Sullivan CLO Ltd., Series 2012-7A, Class C, 4.47%, 4/20/23 (a)(b)                 | 765           | 679,779           |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.81%, 10/27/20 (b)                     | 940           | 791,950           |
| Goldentree Loan Opportunities VI Ltd., Series 2012-6A, Class D, 4.66%,<br>4/17/22 (a)(b) | 1,250         | 1,136,375         |
| Greyrock CDO Ltd., Series 2005-1X, Class A2L, 0.85%, 11/15/17 (b)                        | 1,980         | 1,751,706         |
| Highbridge Loan Management Ltd., Series 2012-1A, Class C,<br>5.71%, 9/20/22 (a)(b)(c)    | 1,200         | 1,107,600         |
| ING Investment Management, Series 2012-2A, Class D, 4.99%, 10/15/22<br>(a)(b)            | 1,275         | 1,136,803         |
| LCM LP (a)(b):   |               |                   |
| Series 11A, Class D2, 4.41%, 4/19/22   | 1,300         | 1,137,500         |
| Series 9A, Class E, 4.66%, 7/14/22   | 1,000         | 775,100           |
| Symphony CLO Ltd. (a)(b):  |               |                   |
| Series 2012-10A, Class D,<br>5.69%, 7/23/23  | 1,200         | 1,110,000         |
| Series 2012-9A, Class D,<br>4.71%, 4/16/22   | 1,075         | 958,040           |
| <b>Total Asset-Backed Securities 2.5%</b>  |               | <b>11,216,353</b> |
| <b>Common Stocks (d)</b>   | <b>Shares</b> |                   |
| <b>Chemicals 0.0%</b>  |               |                   |
| GEO Specialty Chemicals, Inc.  | 339,340       | 156,096           |
| <b>Containers &amp; Packaging 0.1%</b>   |               |                   |
| Smurfit Kappa Plc  | 36,342        | 296,488           |
| <b>Diversified Financial Services 0.9%</b>   |               |                   |
| Kcad Holdings I Ltd.   | 590,545,406   | 3,915,907         |
| <b>Electrical Equipment 0.0%</b>   |               |                   |
| Medis Technologies Ltd.  | 286,757       | 860               |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>  |               |                   |
| HRP PIK Corp., Class B (a)   | 5,000         |                   |
| <b>Metals &amp; Mining 0.1%</b>  |               |                   |
| Euramax International  | 2,337         | 498,623           |
| <b>Paper &amp; Forest Products 0.6%</b>  |               |                   |
| Ainsworth Lumber Co. Ltd. (a)  | 1,237,553     | 2,711,757         |
| Western Forest Products, Inc. (a)  | 211,149       | 229,195           |
|  |               | 2,940,952         |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b>                                 |               |                   |
| SunPower Corp.   | 1,707         | 7,647             |
| <b>Software 0.3%</b>   |               |                   |
| Bankruptcy Management Solutions, Inc.  | 1,870         | 19                |
| HMH Holdings/EduMedia  | 52,041        | 1,275,011         |
|  |               | 1,275,030         |
| <b>Specialty Retail 0.0%</b>   |               |                   |
| Movie Gallery, Inc.  | 503,737       | 5                 |
| <b>Total Common Stocks 2.0%</b>  |               | <b>9,091,608</b>  |
| <b>Corporate Bonds</b>   | <b>Par</b>    | <b>Value</b>      |

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(000)

**Aerospace & Defense 0.6%**

|   |     |       |            |
|---|-----|-------|------------|
| Huntington Ingalls Industries, Inc., 7.13%, 3/15/21           | USD | 810   | \$ 876,825 |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17 |     | 1,364 | 1,452,660  |
| Meccanica Holdings USA, Inc., 6.25%, 7/15/19 (a)              |     | 405   | 366,463    |

2,695,948

**Airlines 0.1%**

|  |  |     |         |
|--|--|-----|---------|
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23 |  | 611 | 648,085 |
| Delta Air Lines, Inc., Series 2009-1-B,<br>9.75%, 6/17/18                    |  | 176 | 190,113 |

838,198

**Auto Components 1.5%**

|   |     |       |           |
|---|-----|-------|-----------|
| Delphi Corp., 6.13%, 5/15/21                        |     | 560   | 616,000   |
| Icahn Enterprises LP:<br>7.75%, 1/15/16             |     | 220   | 231,000   |
| 8.00%, 1/15/18                                      |     | 4,035 | 4,297,275 |
| Jaguar Land Rover Plc, 8.25%, 3/15/20               | GBP | 392   | 656,522   |
| Titan International, Inc., 7.88%, 10/01/17          | USD | 940   | 984,650   |
| Venture Holdings Co. LLC (d)(e):<br>12.00%, 7/01/49 |     | 4,450 | 1         |
| Series B, 9.50%, 7/01/05                            |     | 1,800 |           |

6,785,448

**Beverages 0.2%**

|   |     |     |         |
|---|-----|-----|---------|
| Crown European Holdings SA:<br>7.13%, 8/15/18 (a) | EUR | 304 | 420,608 |
| 7.13%, 8/15/18                                    |     | 257 | 355,580 |
| Refresco Group BV, 7.38%, 5/15/18                 |     | 213 | 251,837 |

1,028,025

**Biotechnology 0.0%**

|  |     |    |        |
|--|-----|----|--------|
| QHP Royalty Sub LLC, 10.25%, 3/15/15 (a) | USD | 45 | 44,770 |
|--|-----|----|--------|

**Building Products 0.6%**

|  |  |       |           |
|--|--|-------|-----------|
| Building Materials Corp. of America (a):<br>7.00%, 2/15/20 |  | 1,000 | 1,082,500 |
| 6.75%, 5/01/21   |  | 590   | 644,575   |
| USG Corp., 9.75%, 1/15/18                                  |  | 980   | 1,051,050 |

2,778,125

**Capital Markets 0.7%**

|  |  |       |           |
|--|--|-------|-----------|
| E*Trade Financial Corp.:<br>12.50%, 11/30/17 (f) |  | 1,765 | 2,014,306 |
| 2.25%, 8/31/19 (a)(g)(h)                         |  | 593   | 507,015   |
| KKR Group Finance Co. LLC, 6.38%, 9/29/20 (a)    |  | 540   | 611,254   |

3,132,575

**Chemicals 4.9%**

|   |  |       |           |
|---|--|-------|-----------|
| Ashland, Inc., 4.75%, 8/15/22 (a)                           |  | 475   | 476,188   |
| Celanese US Holdings LLC, 5.88%, 6/15/21                    |  | 1,415 | 1,563,575 |
| GEO Specialty Chemicals, Inc. (a):<br>7.50%, 3/31/15 (f)(h) |  | 4,171 | 5,004,944 |
| 10.00%, 3/31/15   |  | 4,106 | 4,105,600 |
| Hexion US Finance Corp.:<br>6.63%, 4/15/20                  |  | 895   | 903,950   |
| 9.00%, 11/15/20   |  | 670   | 572,850   |
| Huntsman International LLC, 8.63%, 3/15/21                  |  | 735   | 841,575   |
| INEOS Finance Plc (a):<br>8.38%, 2/15/19                    |  | 1,470 | 1,547,175 |
| 7.50%, 5/01/20  |  | 365   | 372,300   |
| INEOS Group Holdings Plc, 8.50%, 2/15/16 (a)                |  | 240   | 226,200   |

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See Notes to Consolidated Financial Statements.

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SEMI-ANNUAL REPORT

AUGUST 31, 2012

**Table of Contents****Consolidated Schedule of Investments  
(continued)****BlackRock Debt Strategies Fund, Inc. (DSU)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |  | <b>Value</b> |
|--|--------------|--|--------------|
| <b>Corporate Bonds</b>                                   | <b>(000)</b> |  |              |
| <b>Chemicals (concluded)</b>                             |              |  |              |
| LyondellBasell Industries NV:                            |              |  |              |
| 6.00%, 11/15/21  | USD 930      |  | \$ 1,060,200 |
| 5.75%, 4/15/24   | 1,775        |  | 2,010,187    |
| NOVA Chemicals Corp., 8.63%, 11/01/19                    | 570          |  | 649,800      |
| Orion Engineered Carbons Bondco GmbH, 9.63%, 6/15/18 (a) | 800          |  | 844,000      |
| Tronox Finance LLC, 6.38%, 8/15/20 (a)                   | 2,035        |  | 2,055,350    |
|  |              |  | 22,233,894   |
| <b>Commercial Banks 0.9%</b>                             |              |  |              |
| CIT Group, Inc.:   |              |  |              |
| 7.00%, 5/02/16 (a)                                       | 1,556        |  | 1,559,880    |
| 5.00%, 5/15/17   | 620          |  | 646,350      |
| 5.50%, 2/15/19 (a)                                       | 1,430        |  | 1,490,775    |
| 5.00%, 8/15/22   | 480          |  | 483,636      |
|  |              |  | 4,180,641    |
| <b>Commercial Services &amp; Supplies 1.3%</b>           |              |  |              |
| ARAMARK Holdings Corp., 8.63%, 5/01/16 (a)(f)            | 625          |  | 639,850      |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)          | 757          |  | 798,323      |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a)       | 55           |  | 55,550       |
| Clean Harbors, Inc., 5.25%, 8/01/20 (a)                  | 427          |  | 438,209      |
| Covanta Holding Corp., 6.38%, 10/01/22                   | 800          |  | 874,698      |
| The Geo Group, Inc., 7.75%, 10/15/17                     | 850          |  | 921,187      |
| Mead Products LLC/ACCO Brands Corp., 6.75%, 4/30/20 (a)  | 617          |  | 652,477      |
| Mobile Mini, Inc., 7.88%, 12/01/20                       | 640          |  | 686,400      |
| Verisure Holding AB:                                     |              |  |              |
| 8.75%, 9/01/18   | EUR 400      |  | 503,120      |
| 8.75%, 12/01/18  | 149          |  | 165,860      |
| West Corp., 8.63%, 10/01/18                              | USD 315      |  | 319,725      |
|  |              |  | 6,055,399    |
| <b>Communications Equipment 0.8%</b>                     |              |  |              |
| Avaya, Inc., 9.75%, 11/01/15                             | 360          |  | 312,300      |
| Hughes Satellite Systems Corp., 6.50%, 6/15/19           | 720          |  | 771,300      |
| Zayo Group LLC/Zayo Capital, Inc.:                       |              |  |              |
| 8.13%, 1/01/20   | 1,320        |  | 1,402,500    |
| 10.13%, 7/01/20  | 1,020        |  | 1,093,950    |
|  |              |  | 3,580,050    |
| <b>Construction Materials 0.5%</b>                       |              |  |              |
| HD Supply, Inc., 8.13%, 4/15/19 (a)                      | 2,080        |  | 2,256,800    |
| <b>Consumer Finance 0.1%</b>                             |              |  |              |
| Ford Motor Credit Co. LLC:                               |              |  |              |
| 7.00%, 4/15/15   | 280          |  | 311,691      |
| 6.63%, 8/15/17   | 148          |  | 170,138      |
|  |              |  | 481,829      |
| <b>Containers &amp; Packaging 1.5%</b>                   |              |  |              |
| Ardagh Packaging Finance Plc:                            |              |  |              |

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|   |     |       |           |
|---|-----|-------|-----------|
| 7.38%, 10/15/17   | EUR | 100   | 133,012   |
| 7.38%, 10/15/17 (a)   |     | 385   | 512,098   |
| 7.38%, 10/15/17   |     | 100   | 133,012   |
| 7.38%, 10/15/17 (a)   | USD | 206   | 220,678   |
| 9.13%, 10/15/20 (a)   |     | 300   | 312,000   |
| Ball Corp., 6.75%, 9/15/20                                    |     | 625   | 690,625   |
| Berry Plastics Corp.:   |     |       |           |
| 4.34%, 9/15/14 (b)  |     | 495   | 487,575   |
| 8.25%, 11/15/15   |     | 655   | 689,388   |
| 9.75%, 1/15/21  |     | 475   | 526,063   |
| Beverage Packaging Holdings Luxembourg II SA, 8.00%, 12/15/16 | EUR | 1,243 | 1,532,176 |
| Sealed Air Corp. (a):   |     |       |           |
| 8.13%, 9/15/19  | USD | 770   | 856,625   |

Par

|                        |  |              |              |
|------------------------|--|--------------|--------------|
| <b>Corporate Bonds</b> |  | <b>(000)</b> | <b>Value</b> |
|------------------------|--|--------------|--------------|

**Containers & Packaging (concluded)**

Sealed Air Corp. (a) (concluded) :

|   |     |     |            |
|---|-----|-----|------------|
| 8.38%, 9/15/21                              | USD | 150 | \$ 168,750 |
| Smurfit Kappa Acquisitions, 7.75%, 11/15/19 | EUR | 390 | 537,143    |

6,799,145

**Distributors 0.2%**

|  |     |     |         |
|--|-----|-----|---------|
| VWR Funding, Inc., 7.25%, 9/15/17 (a)(c) | USD | 725 | 734,063 |
|--|-----|-----|---------|

**Diversified Consumer Services 0.2%**

|  |  |     |         |
|--|--|-----|---------|
| Laureate Education, Inc., 9.25%, 9/01/19 (a) |  | 585 | 585,000 |
| ServiceMaster Co., 8.00%, 2/15/20            |  | 235 | 250,569 |

835,569

**Diversified Financial Services 3.0%**

Ally Financial, Inc.:

|  |     |       |           |
|--|-----|-------|-----------|
| 7.50%, 12/31/13                              |     | 90    | 96,188    |
| 8.30%, 2/12/15                               |     | 1,330 | 1,476,300 |
| 7.50%, 9/15/20                               |     | 1,990 | 2,278,550 |
| 8.00%, 11/01/31                              |     | 2,460 | 2,908,950 |
| 8.00%, 11/01/31                              |     | 1,030 | 1,222,604 |
| Archemedes Funding III Ltd., 5.50%, 11/29/12 |     | 1,829 |           |
| CNG Holdings, Inc., 9.38%, 5/15/20 (a)       |     | 490   | 499,800   |
| DPL, Inc., 7.25%, 10/15/21 (a)               |     | 180   | 205,200   |
| Gala Group Finance Plc, 8.88%, 9/01/18       | GBP | 200   | 296,134   |

Reynolds Group Issuer, Inc.:

|                                       |     |       |           |
|---------------------------------------|-----|-------|-----------|
| 7.75%, 10/15/16                       | EUR | 350   | 454,537   |
| 7.13%, 4/15/19                        | USD | 1,070 | 1,152,925 |
| 9.88%, 8/15/19                        |     | 1,845 | 1,951,087 |
| 6.88%, 2/15/21                        |     | 665   | 719,863   |
| 8.25%, 2/15/21                        |     | 155   | 152,288   |
| WMG Acquisition Corp., 9.50%, 6/15/16 |     | 200   | 218,500   |

13,632,926

**Diversified Telecommunication Services 1.8%**

|  |     |       |           |
|--|-----|-------|-----------|
| ITC Deltacom, Inc., 10.50%, 4/01/16              |     | 1,010 | 1,088,275 |
| Level 3 Communications, Inc., 8.88%, 6/01/19 (a) |     | 520   | 530,400   |
| Level 3 Financing, Inc.:                         |     |       |           |
| 4.47%, 2/15/15 (b)                               |     | 2,420 | 2,395,800 |
| 8.13%, 7/01/19                                   |     | 2,902 | 3,039,845 |
| 7.00%, 6/01/20 (a)                               |     | 460   | 457,700   |
| OTE Plc, 5.00%, 8/05/13                          | EUR | 88    | 95,935    |
| Telefonica Emisiones SAU, 4.69%, 11/11/19        |     | 50    | 58,042    |
| Telenet Finance V Luxembourg SCA:                |     |       |           |
| 6.25%, 8/15/22                                   |     | 119   | 150,427   |
| 6.75%, 8/15/24                                   |     | 222   | 283,420   |

8,099,844

**Electric Utilities 0.1%**

|  |     |     |         |
|--|-----|-----|---------|
| Mirant Mid Atlantic Pass Through Trust, Series B, 9.13%, 6/30/17 | USD | 475 | 510,534 |
|--|-----|-----|---------|

**Electrical Equipment 0.1%**

|                                  |  |     |         |
|----------------------------------|--|-----|---------|
| Belden, Inc., 5.50%, 9/01/22 (a) |  | 360 | 360,900 |
|----------------------------------|--|-----|---------|

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| <b>Electronic Equipment, Instruments &amp; Components 0.0%</b>                     |       |           |
|--|-------|-----------|
| Muzak Holdings LLC, 13.00%, 3/15/10 (d)(e)   | 2,675 |           |
| <b>Energy Equipment &amp; Services 2.5%</b>  |       |           |
| Calfrac Holdings LP, 7.50%, 12/01/20 (a)   | 1,680 | 1,646,400 |
| Compagnie Générale de Géophysique, Veritas, 6.50%, 6/01/21                         | 2,100 | 2,186,625 |
| FTS International Services LLC / FTS International Bonds Inc., 8.13%, 11/15/18 (a) | 1,190 | 1,228,675 |
| Gulfmark Offshore, Inc., 6.38%, 3/15/22 (a)  | 130   | 132,600   |
| Hornbeck Offshore Services, Inc., 5.88%, 4/01/20                                   | 265   | 270,300   |
| Key Energy Services, Inc., 6.75%, 3/01/21  | 740   | 752,950   |
| MEG Energy Corp. (a):  |       |           |
| 6.50%, 3/15/21   | 950   | 999,875   |
| 6.38%, 1/30/23   | 315   | 328,388   |
| Oil States International, Inc., 6.50%, 6/01/19                                     | 475   | 504,687   |

See Notes to Consolidated Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2012

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Debt Strategies Fund, Inc. (DSU)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |  | <b>Value</b> |
|--|--------------|--|--------------|
| <b>Corporate Bonds</b>   | <b>(000)</b> |  |              |
| <b>Energy Equipment &amp; Services (concluded)</b>               |              |  |              |
| Peabody Energy Corp., 6.25%, 11/15/21 (a)                        | USD<br>2,045 |  | \$ 2,080,787 |
| Precision Drilling Corp.:  |              |  |              |
| 6.63%, 11/15/20  | 125          |  | 131,250      |
| 6.50%, 12/15/21  | 840          |  | 882,000      |
|  |              |  | 11,144,537   |
| <b>Food &amp; Staples Retailing 0.1%</b>                         |              |  |              |
| Bakkavor Finance 2 Plc, 8.25%, 2/15/18                           | GBP 100      |  | 139,731      |
| Rite Aid Corp., 9.25%, 3/15/20                                   | USD 435      |  | 446,962      |
|  |              |  | 586,693      |
| <b>Food Products 0.4%</b>  |              |  |              |
| Constellation Brands, Inc., 6.00%, 5/01/22                       | 460          |  | 516,925      |
| Post Holdings, Inc., 7.38%, 2/15/22 (a)                          | 465          |  | 489,994      |
| Smithfield Foods, Inc., 6.63%, 8/15/22                           | 687          |  | 703,316      |
|  |              |  | 1,710,235    |
| <b>Health Care Equipment &amp; Supplies 0.6%</b>                 |              |  |              |
| Biomet, Inc., 6.50%, 8/01/20 (a)                                 | 523          |  | 542,612      |
| DJO Finance LLC:   |              |  |              |
| 10.88%, 11/15/14   | 284          |  | 296,425      |
| 8.75%, 3/15/18 (a)   | 215          |  | 228,438      |
| 7.75%, 4/15/18   | 770          |  | 704,550      |
| Fresenius Medical Care US Finance II, Inc., 5.88%, 1/31/22 (a)   | 640          |  | 680,000      |
| Teleflex, Inc., 6.88%, 6/01/19                                   | 475          |  | 508,250      |
|  |              |  | 2,960,275    |
| <b>Health Care Providers &amp; Services 3.5%</b>                 |              |  |              |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19                    | 700          |  | 728,000      |
| CHS/Community Health Systems, Inc.:                              |              |  |              |
| 5.13%, 8/15/18   | 345          |  | 355,781      |
| 7.13%, 7/15/20   | 333          |  | 348,818      |
| Crown Newco 3 Plc:   |              |  |              |
| 7.00%, 2/15/18 (a)   | GBP 108      |  | 172,774      |
| 7.00%, 2/15/18   | 194          |  | 310,353      |
| DaVita, Inc., 5.75%, 8/15/22                                     | USD 686      |  | 713,440      |
| HCA, Inc.:   |              |  |              |
| 6.50%, 2/15/20   | 2,020        |  | 2,219,475    |
| 7.88%, 2/15/20   | 1,210        |  | 1,350,662    |
| 5.88%, 3/15/22   | 2,380        |  | 2,531,725    |
| Hologic, Inc., 6.25%, 8/01/20 (a)                                | 977          |  | 1,034,399    |
| IASIS Healthcare LLC, 8.38%, 5/15/19                             | 1,243        |  | 1,185,511    |
| Omnicare, Inc., 7.75%, 6/01/20                                   | 1,310        |  | 1,444,275    |
| Tenet Healthcare Corp., 8.88%, 7/01/19                           | 2,305        |  | 2,621,937    |
| United Surgical Partners International, Inc., 9.00%, 4/01/20 (a) | 330          |  | 354,338      |
| Vanguard Health Holding Co. II LLC, 7.75%, 2/01/19 (a)           | 565          |  | 589,013      |
|  |              |  | 15,960,501   |
| <b>Health Care Technology 0.8%</b>                               |              |  |              |
| IMS Health, Inc., 12.50%, 3/01/18 (a)                            | 3,205        |  | 3,765,875    |
| <b>Hotels, Restaurants &amp; Leisure 2.3%</b>                    |              |  |              |

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|   |           |           |
|---|-----------|-----------|
| Affinity Gaming LLC/Affinity Gaming Finance Corp., 9.00%, 5/15/18 (a) | 235       | 239,112   |
| Caesars Entertainment Operating Co., Inc.:                            |           |           |
| 11.25%, 6/01/17   | 770       | 829,675   |
| 10.00%, 12/15/18  | 518       | 326,340   |
| 8.50%, 2/15/20 (a)  | 880       | 867,900   |
| Caesars Operating Escrow LLC, 9.00%, 2/15/20 (a)                      | 1,343     | 1,336,285 |
| Carlson Wagonlit BV, 6.88%, 6/15/19 (a)                               | 260       | 270,400   |
| Choice Hotels International, Inc., 5.75%, 7/01/22                     | 170       | 182,325   |
| Cirsa Funding Luxembourg SA, 8.75%, 5/15/18                           | EUR 1,679 | 1,853,145 |
| Diamond Resorts Corp., 12.00%, 8/15/18                                | USD 1,040 | 1,106,300 |
| Gategroup Finance Luxembourg SA, 6.75%, 3/01/19                       | EUR 235   | 302,233   |
| <b>Par</b>  |           |           |

| Corporate Bonds   | (000)     | Value      |
|---|-----------|------------|
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>              |           |            |
| HRP Myrtle Beach Holdings LLC, 14.50%, 4/01/14 (a)(d)(e)          | USD 6,892 | \$ 1       |
| HRP Myrtle Beach Operations LLC (a)(d)(e):                        |           |            |
| 0.00%, 4/01/12  | 5,000     | 1          |
| 12.50%, 4/01/13   | 5,000     | 1          |
| Little Traverse Bay Bands of Odawa Indians,<br>9.00%, 8/31/20 (a) | 609       | 554,190    |
| Travelport LLC:   |           |            |
| 5.09%, 9/01/14 (b)  | 1,770     | 1,256,700  |
| 9.88%, 9/01/14  | 390       | 310,050    |
| Tropicana Entertainment LLC,<br>9.63%, 12/15/14 (d)(e)            | 530       |            |
| Wynn Las Vegas LLC, 5.38%, 3/15/22 (a)                            | 888       | 907,980    |
|   |           | 10,342,638 |

|  |           |           |
|--|-----------|-----------|
| <b>Household Durables 0.7%</b>             |           |           |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a) | 640       | 654,400   |
| Libbey Glass, Inc., 6.88%, 5/15/20 (a)     | 175       | 186,594   |
| Spie BondCo 3 SCA, 11.00%, 8/15/19         | EUR 244   | 311,506   |
| Standard Pacific Corp., 8.38%, 1/15/21     | USD 1,685 | 1,878,775 |
|  |           | 3,031,275 |

|  |         |            |
|--|---------|------------|
| <b>Household Products 0.0%</b>                               |         |            |
| Ontex IV SA, 9.00%, 4/15/19                                  | EUR 110 | 127,289    |
| <b>Independent Power Producers &amp; Energy Traders 3.5%</b> |         |            |
| The AES Corp.:   |         |            |
| 7.75%, 10/15/15  | USD 300 | 339,000    |
| 9.75%, 4/15/16   | 1,305   | 1,559,475  |
| 7.38%, 7/01/21   | 130     | 148,850    |
| Calpine Corp. (a):   |         |            |
| 7.25%, 10/15/17  | 920     | 984,400    |
| 7.50%, 2/15/21   | 365     | 405,150    |
| Energy Future Holdings Corp., 10.00%, 1/15/20                | 2,315   | 2,552,287  |
| Energy Future Intermediate Holding Co. LLC:                  |         |            |
| 10.00%, 12/01/20   | 6,060   | 6,802,350  |
| 11.75%, 3/01/22 (a)  | 470     | 500,550    |
| GenOn REMA LLC, 9.24%, 7/02/17                               | 392     | 421,486    |
| Laredo Petroleum, Inc.:                                      |         |            |
| 9.50%, 2/15/19   | 1,210   | 1,373,350  |
| 7.38%, 5/01/22   | 360     | 387,000    |
| QEP Resources, Inc., 5.38%, 10/01/22                         | 335     | 343,375    |
|  |         | 15,817,273 |

|                                      |       |           |
|--------------------------------------|-------|-----------|
| <b>Industrial Conglomerates 1.6%</b> |       |           |
| Sequa Corp. (a):                     |       |           |
| 11.75%, 12/01/15                     | 2,850 | 2,992,500 |
| 13.50%, 12/01/15                     | 4,023 | 4,264,216 |
|                                      |       | 7,256,716 |

|   |       |           |
|---|-------|-----------|
| <b>Insurance 0.6%</b>                             |       |           |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a)     | 1,649 | 1,803,594 |
| Genworth Financial, Inc., 7.63%, 9/24/21          | 700   | 715,260   |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a) | 415   | 371,425   |

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|   |     |           |
|---|-----|-----------|
|   |     | 2,890,279 |
| <b>IT Services 1.2%</b>                     |     |           |
|   | 980 | 1,051,050 |
| Ceridian Corp., 8.88%, 7/15/19 (a)          | 720 | 741,600   |
| Epicor Software Corp., 8.63%, 5/01/19       |     |           |
| <b>First Data Corp.:</b>                    |     |           |
| 7.38%, 6/15/19 (a)                          | 835 | 862,137   |
| 6.75%, 11/01/20 (a)                         | 870 | 863,475   |
| 8.25%, 1/15/21 (a)                          | 535 | 530,319   |
| 12.63%, 1/15/21                             | 764 | 773,550   |
| SunGard Data Systems, Inc., 7.63%, 11/15/20 | 600 | 643,500   |
|   |     | 5,465,631 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

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

(Percentages shown are based on Net Assets)

|   | Par     |            |
|---|---------|------------|
| Corporate Bonds   | (000)   | Value      |
| <b>Machinery 0.9%</b>                                       |         |            |
| UR Financing Escrow Corp. (a):                              |         |            |
| 5.75%, 7/15/18  | USD 877 | \$ 927,427 |
| 7.38%, 5/15/20  | 565     | 598,900    |
| 7.63%, 4/15/22  | 2,328   | 2,514,240  |
|   |         | 4,040,567  |
| <b>Media 5.6%</b>   |         |            |
| AMC Networks, Inc., 7.75%, 7/15/21                          |         |            |
|   | 365     | 413,363    |
| Cengage Learning Acquisitions, Inc.,<br>11.50%, 4/15/20 (a) |         |            |
|   | 815     | 857,787    |
| Checkout Holding Corp., 16.03%, 11/15/15 (a)(g)             |         |            |
|   | 1,090   | 664,900    |
| Cinemark USA, Inc., 8.63%, 6/15/19                          |         |            |
|   | 410     | 459,200    |
| Clear Channel Communications, Inc.,<br>9.00%, 3/01/21       |         |            |
|   | 617     | 529,078    |
| Clear Channel Worldwide Holdings, Inc.:                     |         |            |
| Series A, 9.25%, 12/15/17                                   | 639     | 691,717    |
| Series B, 9.25%, 12/15/17                                   | 5,512   | 5,987,410  |
| Series B, 7.63%, 3/15/20                                    | 1,677   | 1,626,690  |
| DISH DBS Corp., 5.88%, 7/15/22 (a)                          |         |            |
|   | 1,440   | 1,450,800  |
| Intelsat Jackson Holdings SA:                               |         |            |
| 11.25%, 6/15/16   | 182     | 191,555    |
| 7.25%, 10/15/20 (a)   | 1,370   | 1,476,175  |
| Intelsat Luxembourg SA:                                     |         |            |
| 11.25%, 2/04/17   | 250     | 262,500    |
| 11.50%, 2/04/17 (f)   | 1,190   | 1,249,500  |
| Interactive Data Corp., 10.25%, 8/01/18                     |         |            |
|   | 1,545   | 1,741,987  |
| Lamar Media Corp., 5.88%, 2/01/22                           |         |            |
|   | 480     | 508,800    |
| NAI Entertainment Holdings LLC,<br>8.25%, 12/15/17 (a)      |         |            |
|   | 920     | 1,025,800  |
| Nielsen Finance LLC, 7.75%, 10/15/18                        |         |            |
|   | 1,235   | 1,389,375  |
| ProQuest LLC, 9.00%, 10/15/18 (a)                           |         |            |
|   | 415     | 380,763    |
| Truven Health Analytics, Inc., 10.63%, 6/01/20 (a)          |         |            |
|   | 380     | 405,650    |
| Unitymedia Hessen GmbH & Co. KG:                            |         |            |
| 8.13%, 12/01/17 (a)   | 2,730   | 2,955,225  |
| 7.50%, 3/15/19  | 1,040   | 1,125,301  |
| Ziggo Finance BV, 6.13%, 11/15/17 (a)                       | EUR 51  | 68,478     |
|   |         | 25,462,054 |
| <b>Metals &amp; Mining 1.5%</b>                             |         |            |
| Eco-Bat Finance Plc, 7.75%, 2/15/17                         |         |            |
|   | 305     | 387,465    |
| FMG Resources August 2006 Property Ltd. (a):                |         |            |
| 6.88%, 2/01/18  | USD 640 | 609,600    |
| 6.88%, 4/01/22  | 290     | 266,800    |
| Global Brass and Copper, Inc., 9.50%, 6/01/19 (a)           |         |            |
|   | 485     | 510,463    |
| Kaiser Aluminum Corp., 8.25%, 6/01/20 (a)                   |         |            |
|   | 360     | 381,600    |
| New Gold, Inc., 7.00%, 4/15/20 (a)                          |         |            |
|   | 120     | 126,300    |
| Novelis, Inc., 8.75%, 12/15/20                              |         |            |
|   | 3,625   | 4,050,938  |
| RathGibson, Inc., 11.25%, 2/15/14 (d)(e)                    |         |            |
|   | 4,440   |            |
| Schmolz + Bickenbach Luxembourg SA,<br>9.88%, 5/15/19       |         |            |
|   | EUR 260 | 264,075    |
| Steel Dynamics, Inc., 6.38%, 8/15/22 (a)                    |         |            |
|   | USD 390 | 403,650    |
|   |         | 7,000,891  |

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|   |             |              |              |
|---|-------------|--------------|--------------|
| <b>Multiline Retail</b>                                   | <b>0.1%</b> |              |              |
| Dollar General Corp., 4.13%, 7/15/17                      |             | 241          | 250,640      |
| <b>Oil, Gas &amp; Consumable Fuels</b>                    | <b>7.4%</b> |              |              |
| Access Midstream Partners LP, 6.13%, 7/15/22              |             | 785          | 814,437      |
| Alpha Natural Resources, Inc.:                            |             |              |              |
| 6.00%, 6/01/19  |             | 460          | 414,000      |
| 6.25%, 6/01/21  |             | 345          | 308,775      |
| Berry Petroleum Co., 6.38%, 9/15/22                       |             | 340          | 362,100      |
| CCS, Inc., 11.00%, 11/15/15 (a)                           |             | 920          | 952,200      |
| Chaparral Energy, Inc., 7.63%, 11/15/22 (a)               |             | 215          | 227,363      |
| Chesapeake Energy Corp.:                                  |             |              |              |
| 7.25%, 12/15/18   |             | 45           | 47,138       |
| 6.63%, 8/15/20  |             | 500          | 513,750      |
| 6.88%, 11/15/20   |             | 285          | 295,688      |
|   |             | <b>Par</b>   |              |
| <b>Corporate Bonds</b>                                    |             | <b>(000)</b> | <b>Value</b> |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>        |             |              |              |
| Chesapeake Energy Corp. (concluded) :                     |             |              |              |
| 6.13%, 2/15/21  | USD         | 435          | \$ 431,737   |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)             |             | 191          | 203,415      |
| Concho Resources, Inc., 5.50%, 10/01/22                   |             | 395          | 407,837      |
| Consol Energy, Inc.:                                      |             |              |              |
| 8.25%, 4/01/20  |             | 2,145        | 2,311,237    |
| 6.38%, 3/01/21  |             | 440          | 435,600      |
| Crosstex Energy LP:                                       |             |              |              |
| 8.88%, 2/15/18  |             | 100          | 106,750      |
| 7.13%, 6/01/22 (a)  |             | 370          | 368,150      |
| Denbury Resources, Inc., 8.25%, 2/15/20                   |             | 50           | 56,750       |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19               |             | 1,300        | 1,381,250    |
| EP Energy LLC/EP Energy Finance, Inc., 6.88%, 5/01/19 (a) |             | 440          | 471,900      |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a)                   |             | 2,100        | 2,310,000    |
| Holly Energy Partners LP, 6.50%, 3/01/20 (a)              |             | 150          | 156,750      |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (a)               |             | 605          | 642,812      |
| Linn Energy LLC:  |             |              |              |
| 6.25%, 11/01/19 (a)                                       |             | 2,780        | 2,745,250    |
| 8.63%, 4/15/20  |             | 360          | 388,800      |
| 7.75%, 2/01/21  |             | 930          | 969,525      |
| MarkWest Energy Partners LP, 5.50%, 2/15/23               |             | 275          | 281,188      |
| Newfield Exploration Co.:                                 |             |              |              |
| 5.75%, 1/30/22  |             | 255          | 279,225      |
| 5.63%, 7/01/24  |             | 1,200        | 1,302,000    |
| Northern Oil and Gas, Inc., 8.00%, 6/01/20 (a)            |             | 505          | 515,100      |
| Oasis Petroleum, Inc.:                                    |             |              |              |
| 7.25%, 2/01/19  |             | 270          | 284,850      |
| 6.50%, 11/01/21   |             | 290          | 295,800      |
| Offshore Group Investments Ltd.:                          |             |              |              |
| 11.50%, 8/01/15   |             | 840          | 928,200      |
| 11.50%, 8/01/15 (a)                                       |             | 800          | 884,000      |
| OGX Petroleo e Gas Participacoes SA (a):                  |             |              |              |
| 8.50%, 6/01/18  |             | 1,324        | 1,175,050    |
| 8.38%, 4/01/22  |             | 565          | 480,250      |
| PetroBakken Energy Ltd., 8.63%, 2/01/20 (a)               |             | 1,240        | 1,267,900    |
| Pioneer Natural Resources Co., 7.20%, 1/15/28             |             | 1,080        | 1,371,966    |
| Range Resources Corp.:                                    |             |              |              |
| 5.75%, 6/01/21  |             | 1,230        | 1,308,412    |
| 5.00%, 8/15/22  |             | 547          | 569,564      |
| Sabine Pass Liquefied Natural Gas LP,                     |             |              |              |
| 7.50%, 11/30/16   |             | 1,015        | 1,086,050    |
| Samson Investment Co., 9.75%, 2/15/20 (a)                 |             | 76           | 78,280       |
| SandRidge Energy, Inc.:                                   |             |              |              |
| 7.50%, 3/15/21 (a)  |             | 305          | 308,813      |
| 7.50%, 3/15/21  |             | 225          | 227,813      |
| 8.13%, 10/15/22 (a)                                       |             | 205          | 214,225      |
| 7.50%, 2/15/23 (a)  |             | 535          | 537,675      |
| SESI LLC:   |             |              |              |
| 6.38%, 5/01/19  |             | 530          | 561,800      |

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|   |       |            |
|---|-------|------------|
| 7.13%, 12/15/21                               | 525   | 584,062    |
| SM Energy Co.:                                |       |            |
| 6.50%, 11/15/21                               | 425   | 444,125    |
| 6.50%, 1/01/23 (a)                            | 200   | 208,500    |
| Targa Resources Partners LP, 6.88%, 2/01/21   | 370   | 397,750    |
| Titan Petrochemicals Group Ltd.,              |       |            |
| 8.50%, 3/18/49 (d)(e)                         | 1,760 | 440,000    |
|   |       | 33,355,812 |
| <b>Paper &amp; Forest Products 0.6%</b>       |       |            |
| Clearwater Paper Corp., 10.63%, 6/15/16       | 640   | 715,200    |
| Longview Fibre Paper & Packaging, Inc.,       |       |            |
| 8.00%, 6/01/16 (a)                            | 280   | 289,800    |
| NewPage Corp., 11.38%, 12/31/14 (d)(e)        | 2,280 | 1,544,700  |
| Sappi Papier Holding GmbH, 8.38%, 6/15/19 (a) | 200   | 210,500    |
|   |       | 2,760,200  |

See Notes to Consolidated Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2012

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Debt Strategies Fund, Inc. (DSU)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |  | <b>Value</b> |
|--|--------------|--|--------------|
| <b>Corporate Bonds</b>                               | <b>(000)</b> |  |              |
| <b>Pharmaceuticals 0.4%</b>                          |              |  |              |
| Valeant Pharmaceuticals International (a):           |              |  |              |
| 6.50%, 7/15/16                                       | USD 990      |  | \$ 1,044,450 |
| 7.25%, 7/15/22                                       | 660          |  | 681,450      |
|  |              |  | 1,725,900    |
| <b>Real Estate Investment Trusts (REITs) 0.4%</b>    |              |  |              |
| Felcor Lodging LP, 6.75%, 6/01/19                    | 1,575        |  | 1,689,188    |
| <b>Real Estate Management &amp; Development 1.2%</b> |              |  |              |
| Realogy Corp.:                                       |              |  |              |
| 11.50%, 4/15/17                                      | 275          |  | 292,187      |
| 12.00%, 4/15/17                                      | 160          |  | 167,600      |
| 7.88%, 2/15/19 (a)                                   | 1,760        |  | 1,812,800    |
| 7.63%, 1/15/20 (a)                                   | 1,190        |  | 1,297,100    |
| 9.00%, 1/15/20 (a)                                   | 310          |  | 334,800      |
| Shea Homes LP, 8.63%, 5/15/19                        | 1,240        |  | 1,379,500    |
|  |              |  | 5,283,987    |
| <b>Road &amp; Rail 0.9%</b>                          |              |  |              |
| Florida East Coast Railway Corp., 8.13%, 2/01/17     | 370          |  | 388,500      |
| The Hertz Corp.:                                     |              |  |              |
| 7.50%, 10/15/18                                      | 1,490        |  | 1,607,337    |
| 6.75%, 4/15/19                                       | 265          |  | 278,250      |
| 6.75%, 4/15/19 (a)                                   | 285          |  | 299,250      |
| 7.38%, 1/15/21                                       | 1,280        |  | 1,392,000    |
|  |              |  | 3,965,337    |
| <b>Software 0.8%</b>                                 |              |  |              |
| Infor US, Inc., 9.38%, 4/01/19 (a)                   | 2,420        |  | 2,619,650    |
| Nuance Communications, Inc., 5.38%, 8/15/20 (a)      | 1,225        |  | 1,252,563    |
|  |              |  | 3,872,213    |
| <b>Specialty Retail 0.6%</b>                         |              |  |              |
| Claire's Stores, Inc., 9.00%, 3/15/19 (a)            | 430          |  | 446,125      |
| Party City Holdings, Inc., 8.88%, 8/01/20 (a)        | 422          |  | 446,265      |
| Penske Automotive Group, Inc., 5.75%, 10/01/22 (a)   | 495          |  | 504,900      |
| QVC, Inc., 5.13%, 7/02/22 (a)                        | 260          |  | 272,517      |
| Sally Holdings LLC:                                  |              |  |              |
| 6.88%, 11/15/19                                      | 650          |  | 726,375      |
| 5.75%, 6/01/22                                       | 300          |  | 322,875      |
|  |              |  | 2,719,057    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>     |              |  |              |
| Levi Strauss & Co., 6.88%, 5/01/22                   | 265          |  | 274,938      |
| PVH Corp., 7.75%, 11/15/23                           | 410          |  | 478,346      |
|  |              |  | 753,284      |
| <b>Trading Companies &amp; Distributors 0.5%</b>     |              |  |              |
| Doric Nimrod Air Finance Alpha Ltd. (a):             |              |  |              |
| Series 2012-1, Class A, 5.13%, 11/30/24              | 1,190        |  | 1,207,850    |
| Series 2012-1, Class B, 6.50%, 5/30/21               | 940          |  | 951,111      |
|  |              |  | 2,158,961    |

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|  |              |                    |
|--|--------------|--------------------|
| <b>Transportation Infrastructure 0.1%</b>  |              |                    |
| Aguila 3 SA, 7.88%, 1/31/18 (a)  | 353          | 371,974            |
| <b>Wireless Telecommunication Services 4.0%</b>                                      |              |                    |
| Cricket Communications, Inc., 7.75%, 5/15/16   | 3,050        | 3,217,750          |
| Digicel Group Ltd. (a):  |              |                    |
| 9.13%, 1/15/15   | 3,948        | 3,987,480          |
| 8.25%, 9/01/17   | 810          | 858,600            |
| 10.50%, 4/15/18  | 400          | 432,000            |
| MetroPCS Wireless, Inc., 6.63%, 11/15/20   | 690          | 714,150            |
| SBA Telecommunications, Inc., 5.75%, 7/15/20 (a)                                     | 230          | 240,350            |
| Sprint Capital Corp., 6.88%, 11/15/28  | 1,720        | 1,556,600          |
| Sprint Nextel Corp. (a):   |              |                    |
| 9.00%, 11/15/18  | 4,260        | 5,026,800          |
| 7.00%, 3/01/20   | 1,770        | 1,938,150          |
|  |              | 17,971,880         |
| <b>Total Corporate Bonds 62.1%</b>   |              | <b>281,505,845</b> |
|  | <b>Par</b>   |                    |
| <b>Floating Rate Loan Interests (b)</b>  | <b>(000)</b> | <b>Value</b>       |
| <b>Aerospace &amp; Defense 0.3%</b>  |              |                    |
| TransDigm, Inc.:   |              |                    |
| Add on Term Loan B2, 4.00%, 2/14/17  | USD 263      | \$ 264,452         |
| Term Loan B, 4.00%, 2/14/17  | 1,193        | 1,197,326          |
|  |              | 1,461,778          |
| <b>Airlines 0.4%</b>   |              |                    |
| Delta Air Lines, Inc., Credit, Term Loan B,<br>5.50%, 4/20/17                        |              |                    |
|  | 1,862        | 1,875,232          |
| US Airways Group, Inc., Term Loan, 2.74%, 3/21/14                                    | 100          | 96,625             |
|  |              | 1,971,857          |
| <b>Auto Components 1.7%</b>  |              |                    |
| Autoparts Holdings Ltd.:   |              |                    |
| First Lien Term Loan, 6.50%, 7/28/17   | 1,390        | 1,361,710          |
| Second Lien Term Loan, 10.50%, 1/29/18   | 1,800        | 1,566,000          |
| Federal-Mogul Corp.:   |              |                    |
| Term Loan B, 2.17% 2.18%, 12/29/14   | 1,516        | 1,446,900          |
| Term Loan C, 2.17% 2.18%, 12/28/15   | 248          | 236,610            |
| The Goodyear Tire & Rubber Co., Term Loan<br>(Second Lien), 4.75%, 4/30/19           | 2,170        | 2,161,863          |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17  | 750          | 752,190            |
|  |              | 7,525,273          |
| <b>Biotechnology 0.2%</b>  |              |                    |
| Grifols, Inc., Term Loan B, 4.50%, 6/01/17   | 1,032        | 1,034,506          |
| <b>Building Products 1.6%</b>  |              |                    |
| Armstrong World Industries, Inc., Term Loan B,<br>4.00%, 3/09/18                     |              |                    |
|  | 1,111        | 1,107,797          |
| CPG International, Inc., Term Loan B,<br>6.00%, 2/18/17                              |              |                    |
|  | 1,182        | 1,162,792          |
| Goodman Global, Inc.:  |              |                    |
| Initial Term Loan (First Lien), 5.75%, 10/28/16                                      | 3,025        | 3,027,871          |
| Term Loan (Second Lien), 9.00%, 10/30/17   | 764          | 773,663            |
| Momentive Performance Materials, Inc. (Nautilus), Extended Term Loan, 3.62%, 5/05/15 | EUR 1,053    | 1,212,118          |
|  |              | 7,284,241          |
| <b>Capital Markets 1.1%</b>  |              |                    |
| American Capital Holdings, Term Loan,<br>5.50%, 7/19/16                              |              |                    |
|  | USD 925      | 928,469            |
| HarbourVest Partners LLC, Term Loan B,<br>6.25%, 12/16/16                            |              |                    |
|  | 1,508        | 1,506,163          |
| Nuveen Investments, Inc.:  |              |                    |
| Extended (First Lien), Term Loan,<br>5.95% 5.96%, 5/13/17                            | 418          | 418,700            |
| Extended Term Loan, 5.92% 5.96%, 5/12/17   | 1,682        | 1,686,289          |

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|   |           |            |
|---|-----------|------------|
| Incremental Term Loan, 7.25%, 5/13/17                                       | 555       | 557,497    |
|   |           | 5,097,118  |
| <b>Chemicals 4.0%</b>   |           |            |
| American Rock Salt Holdings LLC, Term Loan, 5.50%, 4/25/17                  | 2,242     | 2,176,618  |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16                            | 1,300     | 1,303,796  |
| Evergreen Acqco 1 LP, Term Loan B, 6.25%, 7/09/19                           | 620       | 625,816    |
| Gentek, Inc., Term Loan, 5.00% 5.75%, 10/06/15                              | 951       | 946,495    |
| INEOS US Finance LLC, 6 Year Term Loan,<br>6.50%, 5/04/18                   | 4,691     | 4,698,212  |
| MacDermid, Inc., Tranche C Term Loan,<br>2.32%, 4/11/14                     | EUR 612   | 760,883    |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17                            | USD 1,605 | 1,561,570  |
| PolyOne Corp., Term Loan, 5.00%, 12/20/17                                   | 657       | 658,670    |
| PQ Corp., Term Loan B, 3.98%, 7/30/14                                       | 3,091     | 3,035,419  |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17                                | 584       | 543,979    |
| Tronox Pigments (Netherlands) BV:<br>Delayed Draw Term Loan, 4.25%, 2/08/18 | 208       | 207,356    |
| Term Loan B, 4.25%, 2/08/18   | 762       | 760,306    |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17                                   | 798       | 792,681    |
|   |           | 18,071,801 |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments**  
(continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |              |
|--|--------------|--------------|
|  | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>                            |              |              |
| <b>Commercial Services &amp; Supplies 3.0%</b>                     |              |              |
| ACCO Brands Corp., Term Loan B, 4.25%, 4/30/19                     | USD 1,343    | \$ 1,342,135 |
| Altegrity, Inc., Tranche D Term Loan, 7.75%, 2/20/15               | 2,517        | 2,503,508    |
| AWAS Finance Luxembourg 2012 SA, Term Loan, 5.75%, 7/16/18         | 440          | 440,000      |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16          | 822          | 821,673      |
| Delos Aircraft, Inc., Term Loan B2, 4.75%, 4/12/16                 | 975          | 984,750      |
| KAR Auction Services, Inc., Term Loan B,<br>5.00%, 5/19/17         | 2,373        | 2,372,730    |
| Protection One, Inc., Term Loan, 5.75%, 3/21/19                    | 958          | 967,176      |
| Synagro Technologies, Inc., Term Loan B,<br>2.24%, 4/02/14         | 869          | 770,779      |
| Volume Services America, Inc., Term Loan B, 10.50% 10.75%, 9/16/16 | 1,769        | 1,768,500    |
| West Corp., Term Loan B6, 5.75%, 6/29/18                           | 1,600        | 1,605,008    |
|  |              | 13,576,259   |
| <b>Communications Equipment 2.3%</b>                               |              |              |
| Avaya, Inc.:   |              |              |
| Extended Term Loan B3, 4.93%, 10/26/17                             | 123          | 110,142      |
| Term Loan B1, 3.18%, 10/24/14                                      | 2,018        | 1,937,696    |
| CommScope, Inc., Term Loan, 4.25%, 1/12/18                         | 1,481        | 1,480,717    |
| Telesat Canada, Term Loan A, 4.41%, 3/28/17                        | CAD 2,630    | 2,547,959    |
| Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19                       | USD 4,090    | 4,150,082    |
|  |              | 10,226,596   |
| <b>Construction &amp; Engineering 0.9%</b>                         |              |              |
| BakerCorp. International, Inc., Term Loan B,<br>4.75%, 6/01/18     | 1,189        | 1,183,754    |
| Safway Services LLC, First Out Term Loan,<br>9.00%, 12/16/17       | 2,750        | 2,750,000    |
|  |              | 3,933,754    |
| <b>Construction Materials 1.0%</b>                                 |              |              |
| HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17                    | 4,630        | 4,730,332    |
| <b>Consumer Finance 0.3%</b>                                       |              |              |
| Springleaf Financial Funding Co., Term Loan,<br>5.50%, 5/10/17     | 1,635        | 1,579,001    |
| <b>Containers &amp; Packaging 0.2%</b>                             |              |              |
| Sealed Air Corp., Term Loan B, 4.75%, 10/03/18                     | 855          | 859,634      |
| <b>Diversified Consumer Services 2.0%</b>                          |              |              |
| Coinmach Service Corp., Term Loan B,<br>3.33%, 11/20/14            | 4,090        | 3,923,884    |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18          | 1,092        | 960,991      |
| Laureate Education, Inc., Extended Term Loan, 5.25%, 6/18/18       | 1,798        | 1,754,146    |
| ServiceMaster Co.:   |              |              |
| Delayed Draw Term Loan, 2.74%, 7/24/14                             | 152          | 151,126      |
| Term Loan, 2.75% 2.97%, 7/24/14                                    | 1,527        | 1,517,633    |
| Weight Watchers International, Inc., Term Loan F, 4.00%, 3/15/19   | 887          | 876,109      |
|  |              | 9,183,889    |
| <b>Diversified Financial Services 1.4%</b>                         |              |              |
| Residential Capital LLC, DIP Term Loan A1, 5.00%, 11/18/13         | 2,035        | 2,040,088    |
| Reynolds Group Holdings, Inc.:                                     |              |              |
| Term Loan B, 6.50%, 2/09/18  | 943          | 948,053      |

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|   |              |              |
|---|--------------|--------------|
| Term Loan C, 6.50%, 8/09/18   | 3,376        | 3,418,815    |
|   |              | 6,406,956    |
| <b>Diversified Telecommunication Services 2.4%</b>                                |              |              |
| Hawaiian Telcom Communications, Inc., Term Loan B, 7.00%, 2/28/17                 | 2,025        | 2,050,312    |
| Level 3 Financing, Inc.:  |              |              |
| 2016 Term Loan B, 4.75%, 2/01/16  | 135          | 135,270      |
|   | <b>Par</b>   |              |
| <b>Floating Rate Loan Interests (b)</b>   | <b>(000)</b> | <b>Value</b> |
| <b>Diversified Telecommunication Services (concluded)</b>                         |              |              |
| Level 3 Financing, Inc. (concluded):  |              |              |
| 2019 Term Loan B, 5.25%, 8/01/19  | USD 110      | \$ 110,161   |
| Term Loan B2, 5.75%, 9/03/18  | 5,500        | 5,514,520    |
| Term Loan B3, 5.75%, 8/31/18  | 1,500        | 1,503,960    |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                                 | 1,490        | 1,423,282    |
|   |              | 10,737,505   |
| <b>Electronic Equipment, Instruments &amp; Components 0.4%</b>                    |              |              |
| CDW LLC, Extended Term Loan, 4.00%, 7/14/17                                       | 831          | 820,421      |
| Sensata Technologies Finance Co. LLC, Term Loan, 4.00%, 5/11/18                   | 1,148        | 1,149,419    |
|   |              | 1,969,840    |
| <b>Energy Equipment &amp; Services 2.0%</b>                                       |              |              |
| Dynegy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16                 | 1,631        | 1,691,485    |
| Dynegy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16                               | 2,984        | 3,124,090    |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18                                     | 2,978        | 2,980,865    |
| Tervita Corp., Term Loan B, 3.23%, 11/14/14                                       | 1,355        | 1,329,474    |
|   |              | 9,125,914    |
| <b>Food &amp; Staples Retailing 1.4%</b>  |              |              |
| AB Acquisitions UK Topco 2, Term Loan B1, 3.52%, 7/09/15                          | GBP 3,000    | 4,495,603    |
| Pilot Travel Centers LLC, Term Loan B2, 4.25%, 8/07/19                            | USD 860      | 862,150      |
| US Foods, Inc. (FKA U.S. Foodservice, Inc.), Extended Term Loan B, 5.75%, 3/31/17 | 972          | 939,437      |
|   |              | 6,297,190    |
| <b>Food Products 1.9%</b>   |              |              |
| Advance Pierre Foods:   |              |              |
| Term Loan (First Lien), 7.00%, 9/30/16  | 2,550        | 2,561,486    |
| Term Loan (Second Lien), 11.25%, 9/29/17  | 1,800        | 1,810,800    |
| Del Monte Foods Co., Term Loan, 4.50%, 3/08/18                                    | 1,651        | 1,628,797    |
| Pinnacle Foods Finance LLC, Term Loan E, 4.75%, 10/17/18                          | 1,376        | 1,370,828    |
| Solvest Ltd. (Dole):  |              |              |
| Term Loan B-2, 5.00% 6.00%, 7/06/18   | 400          | 400,708      |
| Term Loan C-2, 5.00% 6.00%, 7/06/18   | 716          | 717,057      |
|   |              | 8,489,676    |
| <b>Health Care Equipment &amp; Supplies 3.1%</b>                                  |              |              |
| Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19                                  | 2,150        | 2,157,159    |
| Biomet, Inc., Term Loan B, 3.00% 3.47%, 3/25/15                                   | 200          | 199,476      |
| BSN Medical Acquisition Holding GmbH, Term Loan B, 6.00%, 7/27/19                 | 1,360        | 1,363,400    |
| DJO Finance LLC:  |              |              |
| Extended Term Loan B2, 5.23%, 11/01/16  | 759          | 758,923      |
| Term Loan B3, 6.25%, 9/15/17  | 2,334        | 2,336,087    |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19  | 3,580        | 3,601,731    |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                                  | 1,262        | 1,266,569    |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18  | 1,509        | 1,514,257    |
| LHP Hospital Group, Inc., Term Loan, 9.00%, 7/03/18                               | 755          | 760,663      |
|   |              | 13,958,265   |
| <b>Health Care Providers &amp; Services 3.0%</b>                                  |              |              |

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|   |       |           |
|---|-------|-----------|
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                  | 1,766 | 1,768,889 |
| DaVita, Inc.:   |       |           |
| Term Loan B, 4.50%, 10/20/16                                | 1,970 | 1,974,925 |
| Term Loan B2, 4.00%, 9/02/19                                | 1,115 | 1,109,603 |
| Emergency Medical Services Corp., Term Loan, 5.25%, 5/25/18 | 720   | 719,388   |
| Harden Healthcare LLC:                                      |       |           |
| Add on Term Loan A, 7.75%, 3/02/15                          | 1,956 | 1,895,429 |
| Term Loan A, 8.50%, 3/02/15                                 | 588   | 576,011   |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments**  
(continued)**BlackRock Debt Strategies Fund, Inc. (DSU)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |              |
|--|--------------|--------------|
|  | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>                            |              |              |
| <b>Health Care Providers &amp; Services (concluded)</b>            |              |              |
| HCA, Inc.:   |              |              |
| Extended Term Loan B3, 3.48%, 5/01/18                              | USD 1,035    | \$ 1,018,668 |
| Term Loan B, 2.48%, 11/18/13                                       | 245          | 244,610      |
| inVentiv Health, Inc.:   |              |              |
| Combined Term Loan, 6.50%, 8/04/16                                 | 411          | 382,649      |
| Incremental Term Loan B-3, 6.75%, 5/15/18                          | 1,013        | 944,377      |
| Medpace, Inc., Term Loan, 6.50% 7.25%, 6/16/17                     | 1,915        | 1,828,658    |
| Sheridan Holdings, Inc., First Lien Term Loan,<br>6.00%, 6/29/18   | 345          | 345,286      |
| US Renal Care, Inc., First Lien Term Loan,<br>6.25% 7.25%, 7/02/19 | 910          | 916,825      |
|  |              | 13,725,318   |
| <b>Health Care Technology 0.9%</b>                                 |              |              |
| IMS Health, Inc., Term Loan B, 4.50%, 8/25/17                      | 1,969        | 1,974,786    |
| Kinetic Concepts, Inc., Term Loan B, 7.00%, 5/04/18                | 1,303        | 1,314,308    |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16                        | 813          | 814,929      |
|  |              | 4,104,023    |
| <b>Hotels, Restaurants &amp; Leisure 3.6%</b>                      |              |              |
| Alpha D2 Ltd., Term Loan B, 5.75%, 4/28/17                         | 1,102        | 1,107,969    |
| Caesars Entertainment Operating Co., Inc.:                         |              |              |
| Extended Term Loan B6, 5.49%, 1/26/18                              | 330          | 290,090      |
| Incremental Term Loan B4, 9.50%, 10/31/16                          | 1,004        | 1,023,456    |
| Term Loan B1, 3.24%, 1/28/15                                       | 1,934        | 1,834,233    |
| Term Loan B3, 3.24% 3.46%, 1/28/15                                 | 4,276        | 4,055,093    |
| Dunkin' Brands, Inc., Term Loan B2,<br>4.00%, 11/23/17             | 3,044        | 3,010,665    |
| Golden Living, Term Loan, 5.00%, 5/04/18                           | 243          | 231,833      |
| OSI Restaurant Partners LLC:                                       |              |              |
| Revolver, 2.49% 4.50%, 6/14/13                                     | 15           | 15,145       |
| Term Loan B, 2.56%, 6/14/14  | 154          | 152,636      |
| Sabre, Inc., Non Extended Initial Term Loan,<br>2.23%, 9/30/14     | 372          | 368,324      |
| SeaWorld Parks & Entertainment, Inc., Term Loan B, 4.00%, 8/17/17  | 1,468        | 1,468,423    |
| Six Flags Theme Parks, Inc., Term Loan B,<br>4.25%, 12/20/18       | 790          | 791,849      |
| Wendy's International, Inc., Term Loan B,<br>4.75%, 5/15/19        | 1,785        | 1,792,961    |
|  |              | 16,142,677   |
| <b>Household Products 0.3%</b>                                     |              |              |
| Prestige Brands, Inc., Term Loan,<br>5.25% 6.25%, 1/31/19          | 1,323        | 1,332,718    |
| <b>Independent Power Producers &amp; Energy Traders 0.6%</b>       |              |              |
| The AES Corp., Term Loan, 4.25%, 6/01/18                           | 1,778        | 1,781,944    |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18                         | 760          | 761,049      |
| GenOn Energy, Inc., Term Loan B, 6.00%, 12/01/17                   | 295          | 297,112      |
|  |              | 2,840,105    |
| <b>Industrial Conglomerates 0.7%</b>                               |              |              |
| Sequa Corp.:   |              |              |
| Incremental Term Loan, 6.25%, 12/03/14                             | 552          | 553,605      |

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|  |              |              |
|--|--------------|--------------|
| Term Loan, 3.69% 3.72%, 12/03/14   | 2,643        | 2,625,018    |
|  |              | 3,178,623    |
| <b>Insurance 0.2%</b>  |              |              |
| Asurion LLC, Term Loan (First Lien), 5.50%, 5/24/18                        | 1,067        | 1,069,201    |
| <b>Internet Software &amp; Services 0.2%</b>                               |              |              |
| Web.com Group, Inc., Term Loan B, 7.00%, 10/27/17                          | 1,133        | 1,127,487    |
| <b>IT Services 3.7%</b>  |              |              |
| Ceridian Corp., Extended Term Loan, 5.99%, 5/09/17                         | 1,568        | 1,567,491    |
|  | <b>Par</b>   |              |
|  |              |              |
| <b>Floating Rate Loan Interests (b)</b>                                    | <b>(000)</b> | <b>Value</b> |
|  |              |              |
| <b>IT Services (concluded)</b>   |              |              |
| First Data Corp.:  |              |              |
| 2018 Term Loan B, 4.24%, 3/23/18   | USD 6,888    | \$ 6,503,537 |
| Non-Extended Term Loan B-1, 2.99%, 9/24/14                                 | 449          | 442,136      |
| Non-Extended Term Loan B-3, 2.99%, 9/24/14                                 | 121          | 118,791      |
| Genpact International, Inc., Term Loan B, 4.25%, 8/16/19                   | 980          | 980,000      |
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18                                 | 853          | 755,033      |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17                                | 1,028        | 1,028,000    |
| Neustar, Inc., Term Loan B, 5.00%, 11/08/18                                | 1,444        | 1,451,308    |
| TransUnion LLC, Term Loan B, 5.50%, 2/12/18                                | 3,683        | 3,707,541    |
|  |              | 16,553,837   |
| <b>Leisure Equipment &amp; Products 0.9%</b>                               |              |              |
| Eastman Kodak Co., DIP Term Loan B, 8.50%, 7/19/13                         | 1,380        | 1,367,638    |
| EB Sports Corp., Term Loan, 11.50%, 12/31/15                               | 1,838        | 1,801,073    |
| FGI Operating Company, LLC, Term Loan, 5.50% 6.50%, 4/19/19                | 680          | 682,128      |
|  |              | 3,850,839    |
| <b>Machinery 2.0%</b>  |              |              |
| Intelligrated, Inc., First Lien Term Loan, 6.75%, 7/30/18                  | 800          | 792,000      |
| Navistar International Corp., Term Loan B, 7.00%, 8/17/17                  | 734          | 737,488      |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18                                 | 1,027        | 1,030,785    |
| Terex Corp.:   |              |              |
| Term Loan, 6.00%, 4/28/17  | EUR 218      | 273,268      |
| Term Loan B, 5.50%, 4/28/17  | USD 2,032    | 2,041,673    |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16                                   | 2,062        | 2,067,124    |
| Wabash National Corp., Term Loan B, 6.00%, 5/02/19                         | 1,940        | 1,952,263    |
|  |              | 8,894,601    |
| <b>Media 9.3%</b>  |              |              |
| Acosta, Inc., Term Loan B, 5.75%, 3/01/18                                  | 582          | 582,891      |
| Affinion Group, Inc., Term Loan B, 5.00%, 7/16/15                          | 349          | 296,324      |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18                           | 1,408        | 1,407,072    |
| Capsugel Holdings US, Inc., Term Loan B, 4.75%, 8/01/18                    | 1,424        | 1,425,312    |
| Cengage Learning Acquisitions, Inc., Tranche 1 Incremental, 7.50%, 7/03/14 | 1,244        | 1,200,074    |
| Charter Communications Operating LLC:                                      |              |              |
| Extended Term Loan C, 3.49%, 9/06/16                                       | 2,050        | 2,044,712    |
| Term Loan D, 4.00%, 5/15/19  | 798          | 797,456      |
| Clear Channel Communications, Inc.:  |              |              |
| Term Loan B, 3.88%, 1/28/16  | 2,420        | 1,874,054    |
| Term Loan C, 3.88%, 1/28/16  | 556          | 423,009      |
| Cumulus Media, Inc., First Lien Term Loan, 5.75%, 9/17/18                  | 1,492        | 1,494,567    |
|  | 895          | 901,041      |

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|   |       |           |
|---|-------|-----------|
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18                 |       |           |
| Gray Television, Inc., Term Loan B,<br>3.75%, 12/31/14                    | 1,212 | 1,205,154 |
| Houghton Mifflin Harcourt Publishing Co., DIP Term Loan B, 7.25%, 6/01/18 | 1,521 | 1,538,301 |
| Hubbard Broadcasting, Term Loan B,<br>5.25%, 4/28/17                      | 965   | 965,734   |
| Intelsat Jackson Holdings SA, Tranche B Term Loan, 5.25%, 4/02/18         | 7,241 | 7,264,096 |
| Interactive Data Corp., Term Loan B,<br>4.50%, 2/12/18                    | 1,683 | 1,685,457 |
| Kabel Deutschland GmbH, Term Loan F,<br>4.25%, 2/01/19                    | 2,265 | 2,260,900 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

|  | Par          |               |
|--|--------------|---------------|
|  | (000)        | Value         |
| <b>Floating Rate Loan Interests (b)</b>                            |              |               |
| <b>Media (concluded)</b>   |              |               |
| Lavena Holding 4 GmbH (Prosiebensat.1 Media AG):                   |              |               |
| Term Loan B, 2.95%, 3/06/15  | EUR 304      | \$ 349,790    |
| Term Loan C, 3.32%, 3/04/16  | 608          | 703,402       |
| Newsday LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13              | USD<br>4,250 | <br>4,273,035 |
| Nielsen Finance LLC, Class C Term Loan,<br>3.49%, 5/02/16          | 401          | 400,408       |
| Sinclair Television Group, Inc., Term Loan B,<br>4.00%, 10/28/16   | 2,042        | 2,040,975     |
| Thomson Reuters (Healthcare), Inc., Term Loan B, 6.75%, 6/06/19    | 1,060        | 1,067,505     |
| Univision Communications, Inc., Extended Term Loan, 4.48%, 3/31/17 | 2,389        | 2,309,232     |
| UPC Broadband Holding BV, Term Loan U,<br>4.15%, 12/29/17          | EUR 196      | 244,786       |
| UPC Financing Partnership:   |              |               |
| Term Loan, 4.75%, 12/29/17   | USD 1,050    | 1,053,066     |
| Term Loan T, 3.75%, 12/30/16                                       | 255          | 252,611       |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18                        | 502          | 499,660       |
| Weather Channel, Term Loan B, 4.25%, 2/13/17                       | 1,000        | 1,002,906     |
| WideOpenWest Finance LLC, First Lien Term Loan, 6.25%, 7/17/18     | 655          | 654,594       |
|  |              | 42,218,124    |
| <b>Metals &amp; Mining 1.7%</b>                                    |              |               |
| Constellium Holding Co BV, Term Loan B,<br>9.25%, 5/25/18          | 920          | 901,600       |
| Novelis, Inc.:   |              |               |
| Incremental Term Loan B2, 4.00%, 3/10/17                           | 1,124        | 1,116,261     |
| Term Loan, 4.00%, 3/10/17  | 2,078        | 2,065,138     |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18                  | 1,584        | 1,576,083     |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18                   | 2,173        | 2,136,548     |
|  |              | 7,795,630     |
| <b>Multiline Retail 1.3%</b>                                       |              |               |
| 99¢ Only Stores, Term Loan, 5.25%, 1/11/19                         | 1,493        | 1,500,882     |
| Hema Holding BV:   |              |               |
| Second Lien Term Loan, 5.14%, 1/05/17                              | EUR 2,900    | 3,419,644     |
| Term Loan B, 2.89%, 7/06/15  | 357          | 433,171       |
| Term Loan C, 2.14%, 7/05/16  | 357          | 435,420       |
|  |              | 5,789,117     |
| <b>Oil, Gas &amp; Consumable Fuels 1.4%</b>                        |              |               |
| Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17      | USD 1,930    | 1,934,149     |
| Everest Acquisition LLC, Term Loan B,<br>5.00%, 4/24/18            | 1,190        | 1,192,975     |
| Gibson Energy ULC, Term Loan B, 4.75%, 6/15/18                     | 1,310        | 1,315,380     |
| Obsidian Natural Gas Trust, Term Loan,<br>7.00%, 11/02/15          | 1,934        | 1,933,520     |
|  |              | 6,376,024     |
| <b>Paper &amp; Forest Products 0.9%</b>                            |              |               |
| Ainsworth Lumber Co. Ltd., Term Loan,<br>5.25%, 6/26/14            | 630          | 609,525       |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                       | 1,050        | 1,059,849     |
| Verso Paper Finance Holdings LLC, Term Loan, 6.49% 7.24%, 2/01/13  | 4,820        | 2,410,006     |

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|   |              |              |
|---|--------------|--------------|
|   |              | 4,079,380    |
| <b>Pharmaceuticals 2.0%</b>   |              |              |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                       | 1,773        | 1,766,351    |
| Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18  | 2,489        | 2,516,613    |
| Quintiles Transnational Corp., Term Loan B, 5.00%, 6/08/18              | 772          | 773,652      |
|   | <b>Par</b>   |              |
| <b>Floating Rate Loan Interests (b)</b>                                 | <b>(000)</b> | <b>Value</b> |
| <b>Pharmaceuticals (concluded)</b>                                      |              |              |
| RPI Finance Trust:  |              |              |
| Incremental Tranche 2, 4.00%, 11/09/18                                  | USD 324      | \$ 324,527   |
| Term Loan Tranche 2, 4.00%, 5/09/18                                     | 568          | 568,465      |
| Valeant Pharmaceuticals International, Inc.:                            |              |              |
| Add-On Term Loan B, 4.75%, 2/13/19                                      | 1,067        | 1,069,801    |
| Series A Tranche B, 4.75%, 2/13/19                                      | 505          | 506,172      |
| Warner Chilcott Corp.:  |              |              |
| Incremental Term Loan B-1, 4.25%, 3/15/18                               | 278          | 275,992      |
| Term Loan B-1, 4.25%, 3/15/18   | 731          | 726,778      |
| Term Loan B-2, 4.25%, 3/15/18   | 365          | 363,389      |
|   |              | 8,891,740    |
| <b>Professional Services 0.9%</b>                                       |              |              |
| Booz Allen Hamilton, Inc., Term Loan B, 4.50%, 7/31/19                  | 1,140        | 1,141,425    |
| Emdeon, Inc., Term Loan B1, 5.00%, 11/02/18                             | 2,584        | 2,585,035    |
| ON Assignment, Inc., Term Loan B, 5.00%, 5/15/19                        | 430          | 427,963      |
|   |              | 4,154,423    |
| <b>Real Estate Investment Trusts (REITs) 0.8%</b>                       |              |              |
| iStar Financial, Inc.:  |              |              |
| Term Loan A1, 5.00%, 6/28/13  | 3,423        | 3,425,624    |
| Term Loan A2, 7.00%, 6/30/14  | 140          | 140,132      |
|   |              | 3,565,756    |
| <b>Real Estate Management &amp; Development 0.9%</b>                    |              |              |
| Realty Corp.:   |              |              |
| Extended Letter of Credit Loan, 4.50%, 10/10/16                         | 383          | 370,121      |
| Extended Term Loan, 4.49%, 10/10/16                                     | 3,700        | 3,572,003    |
| Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17              | 300          | 298,500      |
|   |              | 4,240,624    |
| <b>Road &amp; Rail 0.7%</b>   |              |              |
| Avis Budget Car Rental LLC, Incremental Term Loan, 6.25%, 9/21/18       | 612          | 614,922      |
| RailAmerica, Inc., Term Loan B, 4.00%, 3/01/19                          | 1,571        | 1,570,088    |
| Road Infrastructure Investment LLC, Term Loan B, 6.25%, 3/30/18         | 823          | 818,823      |
|   |              | 3,003,833    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.5%</b>                |              |              |
| Freescale Semiconductor, Inc.:  |              |              |
| Extended Term Loan B, 4.50%, 12/01/16                                   | 1,373        | 1,317,319    |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 952          | 963,448      |
|   |              | 2,280,767    |
| <b>Software 1.9%</b>  |              |              |
| Blackboard, Inc., Term Loan B, 7.50%, 10/04/18                          | 597          | 586,929      |
| Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18 | 3,621        | 3,658,148    |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                                 | 1,197        | 1,206,875    |
| SS&C Technologies, Inc.:  |              |              |

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|   |       |           |
|---|-------|-----------|
| Term Loan B-1, 5.00%, 6/07/19                             | 1,573 | 1,574,813 |
| Term Loan B-2, 5.00%, 6/07/19                             | 163   | 162,912   |
| WaveDivision Holdings LLC,<br>Term Loan B, 5.50%, 8/23/19 | 1,240 | 1,244,625 |
|   |       | 8,434,302 |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Debt Strategies Fund, Inc. (DSU)**

(Percentages shown are based on Net Assets)

|   | <b>Par</b>        |                    |
|---|-------------------|--------------------|
|   | <b>(000)</b>      | <b>Value</b>       |
| <b>Floating Rate Loan Interests (b)</b>                               |                   |                    |
| <b>Specialty Retail 3.9%</b>  |                   |                    |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                               | USD 1,891         | \$ 1,897,117       |
| Bass Pro Group LLC, Term Loan,<br>5.25%, 6/13/17                      | 823               | 828,764            |
| Burlington Coat Factory Warehouse Corp., Term Loan B1, 5.50%, 2/23/17 | 519               | 520,169            |
| Claire's Stores, Inc., Term Loan B,<br>2.98% 3.20%, 5/29/14           | 1,109             | 1,087,805          |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18          | 2,170             | 2,166,940          |
| Harbor Freight Tools USA, Inc., Term Loan B, 5.50%, 11/14/17          | 810               | 808,858            |
| Jo-Ann Stores, Inc., Term Loan, 4.75%, 3/16/18                        | 774               | 772,879            |
| Michaels Stores, Inc.:  |                   |                    |
| Extended Term Loan B3, 5.00%, 7/29/16                                 | 980               | 985,326            |
| Term Loan B2, 5.00%, 7/29/16  | 862               | 866,756            |
| Party City Holdings, Inc., Term Loan B,<br>5.75%, 7/26/19             | 1,505             | 1,511,893          |
| PETCO Animal Supplies, Inc., Term Loan,<br>4.50%, 11/24/17            | 2,555             | 2,556,910          |
| Things Remembered, Inc., Term Loan B,<br>8.00%, 5/24/18               | 1,100             | 1,078,000          |
| Toys 'R Us Delaware, Inc.:  |                   |                    |
| Incremental Term Loan B2,<br>5.25%, 5/25/18                           | 688               | 659,090            |
| Term Loan, 6.00%, 9/01/16   | 470               | 461,287            |
| Term Loan B3, 5.25%, 5/25/18  | 234               | 225,036            |
| The Yankee Candle Co., Inc., Term Loan B, 5.25%, 4/02/19              | 1,062             | 1,066,459          |
|   |                   | 17,493,289         |
| <b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>                      |                   |                    |
| Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18         | 1,431             | 1,418,287          |
| Wolverine Worldwide, Inc., 6.75%, Term Loan B, 6/26/19                | 1,010             | 1,016,292          |
|   |                   | 2,434,579          |
| <b>Wireless Telecommunication Services 1.7%</b>                       |                   |                    |
| Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19         | 223               | 222,275            |
| MetroPCS Wireless, Inc., Term Loan B-3,<br>4.00%, 3/16/18             | 1,255             | 1,250,309          |
| Vodafone Americas Finance 2, Inc., Term Loan, 6.88%, 8/11/15 (f)      | 6,091             | 6,335,057          |
|   |                   | 7,807,641          |
| <b>Total Floating Rate Loan Interests 76.1%</b>                       |                   | <b>344,906,043</b> |
|   | <b>Beneficial</b> |                    |
|   | <b>Interest</b>   |                    |
|   | <b>(000)</b>      |                    |
| <b>Other Interests (i)</b>  |                   |                    |
| <b>Auto Components 0.0%</b>   |                   |                    |
| Intermet Liquidating Trust Class A (d)                                | 833               | 1                  |
| <b>Chemicals 0.0%</b>   |                   |                    |
| Wellman Holdings, Inc., Litigation Trust Certificate                  | 10,000            | 100                |
| <b>Diversified Financial Services 0.3%</b>                            |                   |                    |
| JG Wentworth LLC Preferred Equity Interests (d)                       | 1                 | 1,454,714          |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>                         |                   |                    |
| Buffets, Inc. (d)   | 1,440             | 14                 |

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|   |                |                            |                |
|---|----------------|----------------------------|----------------|
| <b>Household Durables</b>   | <b>0.6%</b>    |                            |                |
| Stanley Martin, Class B Membership Units  |                | 2                          | 2,940,570      |
|   |                | <b>Beneficial Interest</b> |                |
|   |                | <b>(000)</b>               | <b>Value</b>   |
| <b>Other Interests (i)</b>  |                |                            |                |
| <b>Media 0.0%</b>   |                |                            |                |
| Adelphia Escrow (d)   |                | USD 7,500                  | \$ 75          |
| Adelphia Preferred Escrow (d)   |                | 5                          |                |
| Adelphia Recovery Trust (d)   |                | 9,406                      | 941            |
| Adelphia Recovery Trust Series ACC-6B INT (d)   |                | 500                        | 2,500          |
|   |                |                            | 3,516          |
| <b>Specialty Retail 0.0%</b>  |                |                            |                |
| Movie Gallery, Inc. Default Escrow (d)  |                | 21,700                     | 217            |
| <b>Total Other Interests</b>  | <b>0.9%</b>    |                            | 4,399,132      |
| <b>Warrants (j)</b>   |                |                            |                |
|   |                | <b>Shares</b>              |                |
| <b>Health Care Providers &amp; Services 0.0%</b>  |                |                            |                |
| HealthSouth Corp. (Expires 1/16/14)   |                | 126,761                    | 1              |
| <b>Media 0.1%</b>   |                |                            |                |
| Charter Communications, Inc. (Issued/exercisable 11/30/09, 1 Share for 1 warrant, Expires 11/30/14, Strike Price \$51.28) |                | 12,661                     | 366,536        |
| <b>Software 0.0%</b>  |                |                            |                |
| Bankruptcy Management Solutions, Inc. (Expires 9/28/17)   |                | 1,247                      |                |
| HMH Holdings/EduMedia (Issued/Exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$42.27)        |                | 2,067                      |                |
| <b>Total Warrants</b>   | <b>0.1%</b>    |                            | 366,537        |
| <b>Total Long-Term Investments</b>  |                |                            |                |
| (Cost \$696,154,128)  | 143.7%         |                            | 651,485,518    |
| <b>Short-Term Securities</b>  |                |                            |                |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (k)(1)  |                | 2,038,105                  | 2,038,105      |
| <b>Total Short-Term Securities</b>  |                |                            |                |
| (Cost \$2,038,105)  | 0.4%           |                            | 2,038,105      |
| <b>Total Investments (Cost \$698,192,233)</b>   | <b>144.1%</b>  |                            | 653,523,623    |
| <b>Liabilities in Excess of Other Assets</b>  | <b>(44.1)%</b> |                            | (200,087,811)  |
| <b>Net Assets</b>   | <b>100.0%</b>  |                            | \$ 453,435,812 |

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty              | Value        | Unrealized Appreciation |
|---------------------------|--------------|-------------------------|
| Credit Suisse Group AG    | \$ 1,107,600 |                         |
| Goldman Sachs Group, Inc. | \$ 734,063   | \$ 9,063                |

(d) Non-income producing security.

(e) Issuer filed for bankruptcy and/or is in default of interest payments.

(f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

(g) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(h) Convertible security.

(i) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Debt Strategies Fund, Inc. (DSU)**

(j) 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.

(k) Investments in issuers considered to be an affiliate of the Fund during the six months ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| <b>Affiliate</b>   | <b>Shares Held at February 29, 2012</b> | <b>Net Activity</b> | <b>Shares Held at August 31, 2012</b> | <b>Income</b> |
|--|---|---------------------|---------------------------------------|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class |   | 2,038,105           | 2,038,105                             | \$ 1,179      |

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

Foreign currency exchange contracts as of August 31, 2012 were as follows:

| <b>Currency Purchased</b> |            | <b>Currency Sold</b> |            | <b>Counter party</b>             | <b>Settle ment Date</b> | <b>Unrealized Appreciation (Depreciation)</b> |
|---------------------------|------------|----------------------|------------|----------------------------------|-------------------------|---|
| USD                       | 238,119    | GBP                  | 150,000    | Royal Bank of Scotland Group Plc | 9/04/12                 | \$ (59)                                       |
| USD                       | 226,440    | EUR                  | 180,000    | Deutsche Bank AG                 | 9/05/12                 | 36  |
| GBP                       | 150,000    | USD                  | 238,085    | Royal Bank of Scotland Group Plc | 10/17/12                | 58  |
| USD                       | 2,206,135  | CAD                  | 2,240,500  | UBS AG                           | 10/17/12                | (64,703)                                      |
| USD                       | 446,528    | GBP                  | 285,000    | Citigroup, Inc.                  | 10/17/12                | (5,943)                                       |
| USD                       | 133,252    | GBP                  | 85,000     | Deutsche Bank AG                 | 10/17/12                | (1,696)                                       |
| USD                       | 5,352,655  | GBP                  | 3,448,000  | UBS AG                           | 10/17/12                | (121,448)                                     |
| USD                       | 120,747    | GBP                  | 77,000     | UBS AG                           | 10/17/12                | (1,499)                                       |
| EUR                       | 106,000    | USD                  | 131,357    | Citigroup, Inc.                  | 10/22/12                | 2,038   |
| EUR                       | 180,000    | USD                  | 226,555    | Deutsche Bank AG                 | 10/22/12                | (34)  |
| EUR                       | 145,000    | USD                  | 179,154    | UBS AG                           | 10/22/12                | 3,322   |
| USD                       | 13,891,193 | EUR                  | 11,330,500 | Citigroup, Inc.                  | 10/22/12                | (367,659)                                     |
| USD                       | 576,649    | EUR                  | 466,000    | Citigroup, Inc.                  | 10/22/12                | (9,788)                                       |
| USD                       | 447,278    | EUR                  | 360,000    | Citigroup, Inc.                  | 10/22/12                | (5,763)                                       |
| USD                       | 127,842    | EUR                  | 104,000    | Citigroup, Inc.                  | 10/22/12                | (3,037)                                       |
| USD                       | 57,080     | EUR                  | 46,000     | Royal Bank of Scotland Group Plc | 10/22/12                | (808)   |
| USD                       | 738,772    | EUR                  | 601,000    | UBS AG                           | 10/22/12                | (17,556)                                      |
| USD                       | 297,515    | EUR                  | 241,000    | UBS AG                           | 10/22/12                | (5,771)                                       |
| USD                       | 250,516    | EUR                  | 203,000    | UBS AG                           | 10/22/12                | (4,949)                                       |
| USD                       | 167,190    | EUR                  | 136,000    | UBS AG                           | 10/22/12                | (3,959)                                       |

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|              |    |           |
|--------------|----|-----------|
| <b>Total</b> | \$ | (609,218) |
|--------------|----|-----------|

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. These definitions 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 derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 unadjusted 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 derivative financial instruments)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2012:

|                              | Level 1             | Level 2               | Level 3              | Total                 |
|------------------------------|---------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                     |                       |                      |                       |
| Investments:                 |                     |                       |                      |                       |
| Long-Term Investments:       |                     |                       |                      |                       |
| Asset-Backed Securities      |                     |                       | \$ 11,216,353        | \$ 11,216,353         |
| Common Stocks                | \$ 2,949,459        | \$ 2,070,122          | 4,072,027            | 9,091,608             |
| Corporate Bonds              |                     | 271,841,107           | 9,664,738            | 281,505,845           |
| Floating Rate Loan Interests |                     | 308,847,920           | 36,058,123           | 344,906,043           |
| Other Interests              | 3,441               |                       | 4,395,691            | 4,399,132             |
| Warrants                     | 366,536             |                       | 1                    | 366,537               |
| Short-Term Securities        | 2,038,105           |                       |                      | 2,038,105             |
| <b>Total</b>                 | <b>\$ 5,357,541</b> | <b>\$ 582,759,149</b> | <b>\$ 65,406,933</b> | <b>\$ 653,523,623</b> |

|   | Level 1 | Level 2             | Level 3 | Total               |
|---|---------|---------------------|---------|---------------------|
| Derivative Financial Instruments <sup>1</sup> |         |                     |         |                     |
| <b>Assets:</b>                                |         |                     |         |                     |
| Foreign currency exchange contracts           |         | \$ 5,454            |         | \$ 5,454            |
| <b>Liabilities:</b>                           |         |                     |         |                     |
| Foreign currency exchange contracts           |         | (614,672)           |         | (614,672)           |
| <b>Total</b>                                  |         | <b>\$ (609,218)</b> |         | <b>\$ (609,218)</b> |

<sup>1</sup> Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation on the instrument. Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

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|                           | Level 1    | Level 2          | Level 3 | Total            |
|---------------------------|------------|------------------|---------|------------------|
| <b>Assets:</b>            |            |                  |         |                  |
| Cash                      | \$ 80,941  |                  |         | \$ 80,941        |
| Foreign currency at value | 290,567    |                  |         | 290,567          |
| <b>Liabilities:</b>       |            |                  |         |                  |
| Loan payable              |            | \$ (195,000,000) |         | (195,000,000)    |
| <b>Total</b>              | \$ 371,508 | \$ (195,000,000) |         | \$ (194,628,492) |

There were no transfers between Level 1 and Level 2 during the six months ended August 31, 2012.

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (concluded)

BlackRock Debt Strategies Fund, Inc. (DSU)

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the fair value of certain of the Fund's Level 3 investments as of August 31, 2012:

|                              | Value                | Valuation Techniques        | Unobservable Inputs <sup>1</sup> | Range of Unobservable Inputs | Weighted Average of Unobservable Inputs <sup>2</sup> |
|------------------------------|----------------------|-----------------------------|----------------------------------|------------------------------|--|
| <b>Assets:</b>               |                      |                             |                                  |                              |  |
| Common Stocks                | \$ 4,072,003         | Market Comparable Companies | EBITDA Multiple                  | 5.0x -5.9x                   | 5.9x   |
|                              |                      |                             | Forward EBITDA Multiple          | 4.6x                         | 4.6x   |
|                              |                      |                             | Illiquidity Discount             | 20%                          | 20%  |
|                              |                      |                             | Proforma Revenue Increase        | 37%                          | 37%  |
| Other Interests              | 2,940,570            | Market Comparable Companies | Tangible Book Value Multiple     | 1.44x                        | 1.44x  |
| Corporate Bonds              | 9,110,544            | Market Comparable Companies | EBITDA Multiple                  | 5.0x                         | 5.0x   |
|                              |                      |                             | Illiquidity Discount             | 20%                          | 20%  |
|                              |                      |                             | Proforma Revenue Increase        | 37%                          | 37%  |
| Floating Rate Loan Interests | 7,631,445            | Market Comparable Companies | Yield                            | 9.65%                        | 9.65%  |
|                              |                      | Cost                        | Illiquidity Discount             | 50%                          | 50%  |
|                              |                      |                             | N/A <sup>3</sup>                 |                              |  |
| <b>Total<sup>4</sup></b>     | <b>\$ 23,754,562</b> |                             |                                  |                              |  |

<sup>1</sup> A change to the unobservable input may result in a significant change to the value of the investment as follows:

| Unobservable Input           | Impact to Value if Input Increases | Impact to Value if Input Decreases |
|------------------------------|------------------------------------|------------------------------------|
| EBITDA Multiple              | Increase                           | Decrease                           |
| Forward EBITDA Multiple      | Increase                           | Decrease                           |
| Illiquidity Discount         | Decrease                           | Increase                           |
| Proforma Revenue Increase    | Increase                           | Decrease                           |
| Tangible Book Value Multiple | Increase                           | Decrease                           |
| Yield                        | Decrease                           | Increase                           |

<sup>2</sup> Unobservable inputs are weighted based on the value of the investments included in the range.

<sup>3</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

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Does not include Level 3 investments with values derived utilizing prices from recent prior transactions or third party pricing information without adjustment for which such inputs are unobservable. See above valuation input table for values of such Level 3 investments. A significant change in third party pricing information could result in a significantly lower or higher value in such Level 3 investments.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed<br>Securities | Common<br>Stocks    | Corporate<br>Bonds  | Floating<br>Rate Loan<br>Interests | Other<br>Interests  | Warrants    | Total                |
|---|----------------------------|---------------------|---------------------|------------------------------------|---------------------|-------------|----------------------|
| <b>Assets:</b>  |                            |                     |                     |                                    |                     |             |                      |
| Opening balance, as of February 29, 2012                        | \$ 4,989,143               | \$ 5,458,062        | \$ 9,604,936        | \$ 28,186,100                      | \$ 3,410,858        | \$ 2        | \$ 51,649,101        |
| Transfers into Level 3 <sup>5</sup>                             |                            |                     |                     | 7,215,466                          |                     |             | 7,215,466            |
| Transfers out of Level 3 <sup>6</sup>                           |                            | (677,817)           |                     | (4,536,423)                        |                     |             | (5,214,240)          |
| Accrued discounts/ premiums                                     | 99,738                     |                     | 202,235             | 136,007                            |                     |             | 437,980              |
| Net realized gain (loss)  | (45,069)                   | (2,511,903)         |                     | (928,362)                          |                     | (433,873)   | (3,919,207)          |
| Net change in unrealized appreciation/depreciation <sup>7</sup> | 56,727                     | 1,393,580           | (222,602)           | 956,313                            | 984,833             | 433,872     | 3,602,723            |
| Purchases   | 8,129,039                  | 410,126             | 80,169              | 8,743,925                          |                     |             | 17,363,259           |
| Sales   | (2,013,225)                | (21)                |                     | (3,714,903)                        |                     |             | (5,728,149)          |
| <b>Closing Balance, as of August 31, 2012</b>                   | <b>\$ 11,216,353</b>       | <b>\$ 4,072,027</b> | <b>\$ 9,664,738</b> | <b>\$ 36,058,123</b>               | <b>\$ 4,395,691</b> | <b>\$ 1</b> | <b>\$ 65,406,933</b> |

<sup>5</sup> As of February 29, 2012, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$7,215,466 transferred from Level 2 to Level 3 in the disclosure hierarchy.

<sup>6</sup> As of February 29, 2012, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$5,214,140 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>7</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$271,065.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments****BlackRock Floating Rate Income Strategies Fund II, Inc.  
(FRB)**

August 31, 2012 (Unaudited)

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |                  |
|--|--------------|------------------|
|  | <b>(000)</b> | <b>Value</b>     |
| <b>Asset-Backed Securities</b>   |              |                  |
| Fraser Sullivan CLO Ltd., Series 2012-7A, Class C, 4.47%, 4/20/23 (a)(b)               | USD 250      | \$ 222,150       |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.81%, 10/27/20 (b)                   | 305          | 256,962          |
| Goldentree Loan Opportunities VI Ltd., Series 2012-6A, Class D, 4.66%, 4/17/22 (a)(b)  | 400          | 363,640          |
| Goldman Sachs Asset Management CLO Plc, Series 2007-1A, Class B, 0.89%, 8/01/22 (a)(b) | 665          | 561,925          |
| Highbridge Loan Management Ltd., Series 2012-1A, Class C, 5.71%, 9/20/22 (a)(b)(c)     | 400          | 369,200          |
| ING Investment Management, Series 2012-2A, Class D, 4.99%, 10/15/22 (a)(b)             | 400          | 356,644          |
| LCM LP, Series 11A, Class D2, 4.41%, 4/19/22 (a)(b)                                    | 425          | 371,875          |
| MAPS CLO Fund LLC, Series 2005-1A, Class C,<br>1.42%, 12/21/17 (a)(b)                  | 300          | 284,610          |
| Race Point CLO, Series 2012-6A, Class D,<br>4.93%, 5/24/23 (a)(b)                      | 275          | 248,518          |
| Symphony CLO Ltd. (a)(b):  |              |                  |
| Series 2012-10A, Class D, 5.69%, 7/23/23   | 400          | 370,000          |
| Series 2012-9A, Class D, 4.71%, 4/16/22  | 500          | 445,600          |
| <b>Total Asset-Backed Securities 2.6%</b>  |              | <b>3,851,124</b> |
| <b>Common Stocks (d)</b>   |              |                  |
| <b>Auto Components 0.3%</b>  |              |                  |
| Delphi Automotive Plc  | 15,181       | 459,824          |
| <b>Chemicals 0.0%</b>  |              |                  |
| GEO Specialty Chemicals, Inc.  | 10,732       | 4,937            |
| <b>Electrical Equipment 0.0%</b>   |              |                  |
| Medis Technologies Ltd.  | 13,053       | 39               |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b>                               |              |                  |
| SunPower Corp.   | 1,860        | 8,333            |
| <b>Software 0.3%</b>   |              |                  |
| HMH Holdings/EduMedia  | 16,429       | 402,509          |
| <b>Total Common Stocks 0.6%</b>  |              | <b>875,642</b>   |
| <b>Corporate Bonds</b>   |              |                  |
| <b>Airlines 0.1%</b>   |              |                  |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23           | USD 143      | 151,220          |
| Delta Air Lines, Inc., Series 2009-1-B, 9.75%, 6/17/18                                 | 53           | 57,610           |
|  |              | 208,830          |
| <b>Auto Components 0.8%</b>  |              |                  |
| Icahn Enterprises LP:  |              |                  |
| 7.75%, 1/15/16   | 30           | 31,500           |
| 8.00%, 1/15/18   | 1,075        | 1,144,875        |
|  |              | 1,176,375        |
| <b>Capital Markets 0.0%</b>  |              |                  |
| E*Trade Financial Corp., 2.25%, 8/31/19 (a)(e)(f)                                      | 46           | 39,330           |
| <b>Chemicals 1.3%</b>  |              |                  |
| GEO Specialty Chemicals, Inc. (a):   |              |                  |
| 7.50%, 3/31/15 (f)(g)  | 702          | 842,521          |
| 10.00%, 3/31/15  | 766          | 765,560          |
| Hexion US Finance Corp., 6.63%, 4/15/20  | 145          | 146,450          |
| INEOS Finance Plc, 8.38%, 2/15/19 (a)  | 125          | 131,563          |

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|   |     |              |              |
|---|-----|--------------|--------------|
|   |     |              | 1,886,094    |
| <b>Commercial Services &amp; Supplies 0.3%</b>                                    |     |              |              |
| ARAMARK Corp., 3.94%, 2/01/15 (b)   |     | 75           | 74,812       |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)                                   |     | 318          | 335,043      |
|   |     | <b>Par</b>   |              |
| <b>Corporate Bonds</b>  |     | <b>(000)</b> | <b>Value</b> |
| <b>Commercial Services &amp; Supplies (concluded)</b>                             |     |              |              |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a)                                | USD | 12           | \$ 12,120    |
|   |     |              | 421,975      |
| <b>Communications Equipment 0.5%</b>  |     |              |              |
| Zayo Group LLC/Zayo Capital, Inc.:  |     |              |              |
| 8.13%, 1/01/20  |     | 430          | 456,875      |
| 10.13%, 7/01/20   |     | 290          | 311,025      |
|   |     |              | 767,900      |
| <b>Consumer Finance 0.3%</b>  |     |              |              |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)   |     | 425          | 462,187      |
| <b>Containers &amp; Packaging 0.1%</b>  |     |              |              |
| OI European Group BV, 6.88%, 3/31/17  | EUR | 113          | 146,751      |
| <b>Diversified Financial Services 0.8%</b>  |     |              |              |
| Ally Financial, Inc., 2.62%, 12/01/14 (b)   | USD | 505          | 496,344      |
| Reynolds Group Issuer, Inc.:  |     |              |              |
| 7.75%, 10/15/16   | EUR | 200          | 259,736      |
| 6.88%, 2/15/21  | USD | 395          | 427,587      |
|   |     |              | 1,183,667    |
| <b>Diversified Telecommunication Services 0.2%</b>                                |     |              |              |
| ITC Deltacom, Inc., 10.50%, 4/01/16   |     | 290          | 312,475      |
| <b>Energy Equipment &amp; Services 0.1%</b>                                       |     |              |              |
| FTS International Services LLC/ FTS International Bonds Inc., 8.13%, 11/15/18 (a) |     | 180          | 185,850      |
| <b>Health Care Equipment &amp; Supplies 0.2%</b>                                  |     |              |              |
| DJO Finance LLC:  |     |              |              |
| 10.88%, 11/15/14  |     | 144          | 150,300      |
| 7.75%, 4/15/18  |     | 95           | 86,925       |
|   |     |              | 237,225      |
| <b>Health Care Providers &amp; Services 0.8%</b>                                  |     |              |              |
| CHS/Community Health Systems, Inc., 5.13%, 8/15/18                                |     | 410          | 422,813      |
| HCA, Inc., 6.50%, 2/15/20   |     | 455          | 499,931      |
| Tenet Healthcare Corp., 8.88%, 7/01/19  |     | 170          | 193,375      |
|   |     |              | 1,116,119    |
| <b>Health Care Technology 0.8%</b>  |     |              |              |
| IMS Health, Inc., 12.50%, 3/01/18 (a)   |     | 980          | 1,151,500    |
| <b>Hotels, Restaurants &amp; Leisure 0.7%</b>                                     |     |              |              |
| Little Traverse Bay Bands of Odawa Indians,                                       |     |              |              |
| 9.00%, 8/31/20 (a)  |     | 383          | 348,530      |
| Travelport LLC:   |     |              |              |
| 5.04%, 9/01/14 (b)  |     | 665          | 472,150      |
| 9.88%, 9/01/14  |     | 150          | 119,250      |
|   |     |              | 939,930      |
| <b>Household Durables 0.2%</b>  |     |              |              |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a)  |     | 205          | 209,613      |
| <b>Independent Power Producers &amp; Energy Traders 1.9%</b>                      |     |              |              |
| Calpine Corp., 7.25%, 10/15/17 (a)  |     | 625          | 668,750      |
| Energy Future Holdings Corp., 10.00%, 1/15/20                                     |     | 365          | 402,412      |
| Energy Future Intermediate Holding Co. LLC,                                       |     |              |              |
| 10.00%, 12/01/20  |     | 1,510        | 1,694,975    |
|   |     |              | 2,766,137    |
| <b>Industrial Conglomerates 0.5%</b>  |     |              |              |
| Sequa Corp., 13.50%, 12/01/15 (a)   |     | 679          | 719,387      |
| <b>IT Services 0.2%</b>   |     |              |              |

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|   |     |         |
|---|-----|---------|
| First Data Corp., 6.75%, 11/01/20 (a)           | 280 | 277,900 |
| <b>Machinery 0.1%</b>                           |     |         |
| UR Financing Escrow Corp., 5.75%, 7/15/18 (a)   | 90  | 95,175  |
| <b>Media 2.1%</b>                               |     |         |
| AMC Networks, Inc., 7.75%, 7/15/21              | 120 | 135,900 |
| Checkout Holding Corp., 16.29%, 11/15/15 (a)(e) | 350 | 213,500 |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments**  
(continued)**BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)**

(Percentages shown are based on Net Assets)

|   | Par     |                   |
|---|---------|-------------------|
|   | (000)   | Value             |
| <b>Corporate Bonds</b>  |         |                   |
| <b>Media (concluded)</b>                                      |         |                   |
| Clear Channel Worldwide Holdings, Inc.:                       |         |                   |
| Series A, 9.25%, 12/15/17                                     | USD 212 | \$ 229,490        |
| Series B, 9.25%, 12/15/17                                     | 967     | 1,050,404         |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a)           | 297     | 331,155           |
| Unitymedia Hessen GmbH & Co. KG,<br>8.13%, 12/01/17 (a)       | 1,000   | 1,082,500         |
|   |         | 3,042,949         |
| <b>Oil, Gas &amp; Consumable Fuels 0.2%</b>                   |         |                   |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                 | 144     | 153,360           |
| EP Energy LLC/EP Energy Finance, Inc.,<br>6.88%, 5/01/19 (a)  | 165     | 176,962           |
|   |         | 330,322           |
| <b>Paper &amp; Forest Products 0.1%</b>                       |         |                   |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a) | 180     | 186,300           |
| <b>Pharmaceuticals 0.2%</b>                                   |         |                   |
| Valeant Pharmaceuticals International,<br>6.50%, 7/15/16 (a)  | 210     | 221,550           |
| <b>Real Estate Management &amp; Development 0.1%</b>          |         |                   |
| Realty Corp., 7.63%, 1/15/20 (a)                              | 190     | 207,100           |
| <b>Wireless Telecommunication Services 2.2%</b>               |         |                   |
| Cricket Communications, Inc., 7.75%, 5/15/16                  | 825     | 870,375           |
| Digicel Group Ltd. (a):                                       |         |                   |
| 9.13%, 1/15/15  | 399     | 402,990           |
| 8.25%, 9/01/17  | 265     | 280,900           |
| iPCS, Inc., 2.57%, 5/01/13 (b)                                | 500     | 496,250           |
| Sprint Nextel Corp. (a):                                      |         |                   |
| 9.00%, 11/15/18   | 400     | 472,000           |
| 7.00%, 3/01/20  | 630     | 689,850           |
|   |         | 3,212,365         |
| <b>Total Corporate Bonds 14.8%</b>                            |         | <b>21,505,006</b> |
| <b>Floating Rate Loan Interests (b)</b>                       |         |                   |
| <b>Aerospace &amp; Defense 1.7%</b>                           |         |                   |
| DynCorp International, Term Loan B, 6.25%, 7/07/16            | 385     | 384,754           |
| SI Organization, Inc., Term Loan B, 4.50%, 11/22/16           | 465     | 452,000           |
| Spirit Aerosystems, Inc., Term Loan B, 3.75%, 4/18/19         | 419     | 419,650           |
| TransDigm, Inc.:  |         |                   |
| Add on Term Loan B2, 4.00%, 2/14/17                           | 224     | 225,088           |
| Term Loan B, 4.00%, 2/14/17                                   | 596     | 598,282           |
| Wesco Aircraft Hardware Corp., Term Loan B,<br>4.25%, 4/07/17 | 356     | 356,002           |
|   |         | 2,435,776         |
| <b>Airlines 0.8%</b>  |         |                   |
| Delta Air Lines, Inc., Credit, Term Loan B,<br>5.50%, 4/20/17 | 1,105   | 1,112,617         |
| US Airways Group, Inc., Term Loan, 2.73%, 3/21/14             | 65      | 62,806            |

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|  |              |            |              |
|--|--------------|------------|--------------|
|  |              |            | 1,175,423    |
| <b>Auto Components 2.8%</b>  |              |            |              |
| Autoparts Holdings Ltd., First Lien Term Loan, 6.50%, 7/28/17                        |              | 744        | 729,487      |
| Federal-Mogul Corp.:   |              |            |              |
| Term Loan B, 2.17% 2.18%, 12/29/14   |              | 993        | 947,925      |
| Term Loan C, 2.17% 2.18%, 12/28/15   |              | 337        | 321,311      |
| The Goodyear Tire & Rubber Co., Term Loan (Second Lien), 4.75%, 4/30/19              |              | 1,310      | 1,305,087    |
| GPX International Tire Corp. (d)(h):   |              |            |              |
| Term Loan, 8.37%, 3/30/12  |              | 9          |              |
| Term Loan, 12.00%, 3/31/12   |              | 549        |              |
|  |              | <b>Par</b> |              |
| <b>Floating Rate Loan Interests (b)</b>  | <b>(000)</b> |            | <b>Value</b> |
| <b>Auto Components (concluded)</b>   |              |            |              |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17  | USD          | 430        | \$ 431,256   |
| UCI International, Inc., Term Loan, 5.50%, 7/26/17                                   |              | 394        | 394,985      |
|  |              |            | 4,130,051    |
| <b>Biotechnology 0.5%</b>  |              |            |              |
| Grifols, Inc., Term Loan B, 4.50%, 6/01/17   |              | 707        | 708,905      |
| <b>Building Products 3.2%</b>  |              |            |              |
| Armstrong World Industries, Inc., Term Loan B, 4.00%, 3/09/18                        |              | 976        | 973,457      |
| CPG International, Inc., Term Loan B, 6.00%, 2/18/17                                 |              | 936        | 920,544      |
| Goodman Global, Inc., Initial Term Loan (First Lien), 5.75%, 10/28/16                |              | 2,327      | 2,329,131    |
| Momentive Performance Materials, Inc. (Nautilus), Extended Term Loan, 3.62%, 5/05/15 | EUR          | 338        | 389,006      |
|  |              |            | 4,612,138    |
| <b>Capital Markets 2.0%</b>  |              |            |              |
| American Capital Holdings, Term Loan, 5.50%, 7/19/16                                 | USD          | 586        | 588,198      |
| HarbourVest Partners LLC, Term Loan B, 6.25%, 12/16/16                               |              | 754        | 753,081      |
| Nuveen Investments, Inc.:  |              |            |              |
| Extended (First Lien), Term Loan, 5.95% 5.96%, 5/13/17                               |              | 459        | 459,384      |
| Extended Term Loan, 5.92% 5.96%, 5/12/17   |              | 916        | 918,479      |
| Incremental Term Loan, 7.25%, 5/13/17  |              | 180        | 180,810      |
|  |              |            | 2,899,952    |
| <b>Chemicals 6.2%</b>  |              |            |              |
| American Rock Salt Holdings LLC, Term Loan, 5.50%, 4/25/17                           |              | 711        | 690,381      |
| Ashland, Inc., Term Loan B, 3.75%, 8/23/18   |              | 297        | 297,686      |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16                                     |              | 800        | 802,336      |
| Evergreen Acqco 1 LP, Term Loan B, 6.25%, 7/09/19                                    |              | 405        | 408,799      |
| Gentek, Inc., Term Loan, 5.00% 5.75%, 10/06/15                                       |              | 442        | 439,353      |
| INEOS US Finance LLC:  |              |            |              |
| 3 Year Term Loan, 5.50%, 5/04/15   |              | 100        | 100,498      |
| 6 Year Term Loan, 6.50%, 5/04/18   |              | 2,157      | 2,160,487    |
| MacDermid, Inc., Tranche C Term Loan, 2.32%, 4/11/14                                 | EUR          | 250        | 310,993      |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17                                     | USD          | 617        | 600,604      |
| PolyOne Corp., Term Loan, 5.00%, 12/20/17  |              | 214        | 214,567      |
| PQ Corp., Term Loan B, 3.98%, 7/30/14  |              | 1,255      | 1,232,596    |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17   |              | 290        | 270,020      |
| Tronox Pigments (Netherlands) BV:  |              |            |              |
| Delayed Draw Term Loan, 4.25%, 2/08/18   |              | 180        | 179,566      |
| Term Loan B, 4.25%, 2/08/18  |              | 660        | 658,409      |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17  |              | 687        | 682,789      |
|  |              |            | 9,049,084    |
| <b>Commercial Services &amp; Supplies 5.7%</b>                                       |              |            |              |
| ACCO Brands Corp., Term Loan B, 4.25%, 4/30/19                                       |              | 985        | 984,233      |
| Altegrity, Inc., Tranche D Term Loan, 7.75%, 2/20/15                                 |              | 839        | 834,503      |
| ARAMARK Corp.:   |              |            |              |

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|  |       |           |
|--|-------|-----------|
| Extended Term Loan B, 3.48%, 7/26/16                         | 196   | 195,165   |
| Extended Term Loan C, 3.48% 3.71%, 7/26/16                   | 111   | 110,624   |
| Letter of Credit, 3.50%, 7/26/16                             | 13    | 12,835    |
| Letter of Credit Facility, 3.50%, 7/26/16                    | 9     | 8,911     |
| AWAS Finance Luxembourg 2012 SA, Term Loan, 5.75%, 7/16/18   | 325   | 325,000   |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16 | 462   | 462,255   |
| Delos Aircraft, Inc., Term Loan B2, 4.75%, 4/12/16           | 1,000 | 1,010,000 |
| KAR Auction Services, Inc., Term Loan B,<br>5.00%, 5/19/17   | 1,335 | 1,334,661 |
| Protection One, Inc., Term Loan, 5.75%, 3/21/19              | 643   | 649,821   |
| Synagro Technologies, Inc., Term Loan B,<br>2.24%, 4/02/14   | 855   | 758,018   |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments**  
(continued)

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

(Percentages shown are based on Net Assets)

|   | Par       | Value      |
|---|-----------|------------|
|   | (000)     |            |
| <b>Floating Rate Loan Interests (b)</b>                               |           |            |
| <b>Commercial Services &amp; Supplies (concluded)</b>                 |           |            |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16 | USD 516   | \$ 515,813 |
| West Corp., Term Loan B6, 5.75%, 6/29/18                              | 1,025     | 1,028,208  |
|   |           | 8,230,047  |
| <b>Communications Equipment 3.5%</b>                                  |           |            |
| Avaya, Inc.:  |           |            |
| Extended Term Loan B3, 4.93%, 10/26/17                                | 148       | 132,128    |
| Term Loan B1, 3.18%, 10/24/14   | 918       | 881,448    |
| CommScope, Inc., Term Loan, 4.25%, 1/12/18                            | 765       | 764,232    |
| Telesat Canada, Term Loan A, 4.41%, 3/24/17                           | CAD 870   | 842,861    |
| Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19                          | USD 2,385 | 2,420,036  |
|   |           | 5,040,705  |
| <b>Construction &amp; Engineering 0.9%</b>                            |           |            |
| BakerCorp. International, Inc., Term Loan B,<br>4.75%, 6/01/18        | 426       | 423,891    |
| Safway Services LLC, First Out Term Loan,<br>9.00%, 12/16/17          | 900       | 900,000    |
|   |           | 1,323,891  |
| <b>Construction Materials 2.0%</b>                                    |           |            |
| HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17                       | 2,885     | 2,947,518  |
| <b>Consumer Finance 0.8%</b>  |           |            |
| Springleaf Financial Funding Co., Term Loan,<br>5.50%, 5/10/17        | 1,215     | 1,173,386  |
| <b>Containers &amp; Packaging 0.5%</b>                                |           |            |
| Sealed Air Corp., Term Loan B, 4.75%, 10/03/18                        | 698       | 701,984    |
| <b>Diversified Consumer Services 3.3%</b>                             |           |            |
| Coinmach Service Corp., Term Loan B,<br>3.33%, 11/20/14               | 1,334     | 1,279,396  |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18             | 354       | 311,554    |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 6/18/18       | 1,168     | 1,139,579  |
| ServiceMaster Co.:  |           |            |
| Delayed Draw Term Loan, 2.74%, 7/24/14                                | 125       | 123,884    |
| Term Loan, 2.75% 2.97%, 7/24/14                                       | 1,252     | 1,244,041  |
| Weight Watchers International, Inc., Term Loan F,<br>4.00%, 3/15/19   | 688       | 679,524    |
|   |           | 4,777,978  |
| <b>Diversified Financial Services 2.0%</b>                            |           |            |
| Residential Capital LLC:  |           |            |
| DIP Term Loan A1, 5.00%, 11/18/13                                     | 665       | 666,662    |
| DIP Term Loan A2, 6.75%, 11/18/13                                     | 95        | 96,109     |
| Reynolds Group Holdings, Inc.:  |           |            |
| Term Loan B, 6.50%, 2/09/18   | 684       | 687,707    |
| Term Loan C, 6.50%, 8/09/18   | 1,398     | 1,415,538  |
|   |           | 2,866,016  |
| <b>Diversified Telecommunication Services 4.3%</b>                    |           |            |

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|  |       |           |
|--|-------|-----------|
| Hawaiian Telecom Communications, Inc., Term Loan B, 7.00%, 2/28/17 | 565   | 572,062   |
| Integra Telecom Holdings, Inc., Term Loan B, 9.25%, 4/15/15        | 784   | 772,240   |
| Level 3 Financing, Inc.:   |       |           |
| 2016 Term Loan B, 4.75%, 2/01/16                                   | 860   | 861,720   |
| 2019 Term Loan B, 5.25%, 8/01/19                                   | 705   | 706,029   |
| Term Loan B2, 5.75%, 9/03/18                                       | 1,800 | 1,804,752 |
| Term Loan B3, 5.75%, 8/31/18                                       | 650   | 651,716   |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                  | 890   | 850,140   |

6,218,659

**Par**

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

|   |         |            |
|---|---------|------------|
| <b>Electronic Equipment, Instruments &amp; Components 0.9%</b>  |         |            |
| CDW LLC, Extended Term Loan, 4.00%, 7/14/17                     | USD 591 | \$ 583,252 |
| Flextronics International Ltd. Delay Draw:                      |         |            |
| Term Loan A-2, 2.48%, 10/01/14                                  | 20      | 20,202     |
| Term Loan A-3, 2.48%, 10/01/14                                  | 24      | 23,569     |
| Sensata Technologies Finance Co. LLC, Term Loan, 4.00%, 5/11/18 | 701     | 701,572    |

1,328,595

|  |       |           |
|--|-------|-----------|
| <b>Energy Equipment &amp; Services 2.9%</b>                        |       |           |
| Dynergy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16 | 517   | 536,375   |
| Dynergy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16               | 674   | 705,440   |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18                      | 1,737 | 1,738,838 |
| Tervita Corp.:   |       |           |
| Incremental Term Loan, 6.50%, 10/17/14                             | 403   | 402,640   |
| Term Loan B, 3.23%, 11/14/14                                       | 866   | 850,105   |

4,233,398

|   |         |           |
|---|---------|-----------|
| <b>Food &amp; Staples Retailing 1.6%</b>  |         |           |
| Alliance Boots Holdings Ltd., Term Loan B1, 3.52%, 7/09/15                        | GBP 675 | 1,011,511 |
| Pilot Travel Centers LLC, Term Loan B2, 4.25%, 8/07/19                            | USD 555 | 556,387   |
| US Foods, Inc. (FKA U.S. Foodservice, Inc.), Extended Term Loan B, 5.75%, 3/31/17 | 719     | 695,295   |

2,263,193

|  |       |           |
|--|-------|-----------|
| <b>Food Products 3.0%</b>                              |       |           |
| Advance Pierre Foods:                                  |       |           |
| Term Loan (First Lien), 7.00%, 9/30/16                 | 922   | 926,376   |
| Term Loan (Second Lien), 11.25%, 9/29/17               | 655   | 658,930   |
| Del Monte Foods Co., Term Loan, 4.50%, 3/08/18         | 1,225 | 1,208,397 |
| Michael Foods Group, Inc., Term Loan B, 4.25%, 2/23/18 | 143   | 142,801   |
| Pinnacle Foods Finance LLC:                            |       |           |
| Extended Term Loan B, 3.75%, 10/03/16                  | 50    | 49,055    |
| Term Loan E, 4.75%, 10/17/18                           | 593   | 590,928   |
| Solvest Ltd. (Dole):                                   |       |           |
| Term Loan B-2, 5.00% 6.00%, 7/06/18                    | 298   | 298,362   |
| Term Loan C-2, 5.00% 6.00%, 7/06/18                    | 533   | 533,913   |

4,408,762

|   |       |           |
|---|-------|-----------|
| <b>Health Care Equipment &amp; Supplies 5.3%</b>                  |       |           |
| Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19                  | 1,520 | 1,525,062 |
| Biomet, Inc., Term Loan B, 3.23% 3.47%, 3/25/15                   | 361   | 360,261   |
| BSN Medical Acquisition Holding GmbH, Term Loan B, 6.00%, 7/27/19 | 440   | 441,100   |
| DJO Finance LLC:  |       |           |
| Extended Term Loan B2, 5.23%, 11/01/16                            | 223   | 222,858   |
| Term Loan B3, 6.25%, 9/15/17                                      | 1,197 | 1,197,994 |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19                        | 2,010 | 2,022,201 |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                  | 409   | 410,509   |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                   | 402   | 395,452   |
| Immucor, Inc., Term Loan B, 6.00%, 8/17/18                        | 948   | 951,392   |
| LHP Hospital Group, Inc., Term Loan, 9.00%, 7/03/18               | 245   | 246,837   |

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|  |             |           |
|--|-------------|-----------|
|  |             | 7,773,666 |
| <b>Health Care Providers &amp; Services</b>                                | <b>4.9%</b> |           |
| Community Health Systems, Inc., Extended Term Loan B, 3.92% 3.96%, 1/25/17 | 48          | 48,166    |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                                 | 678         | 678,876   |
| DaVita, Inc.:  |             |           |
| Term Loan B, 4.50%, 10/20/16   | 1,031       | 1,033,345 |
| Term Loan B2, 4.00%, 9/02/19   | 720         | 716,515   |

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**Table of Contents****Consolidated Schedule of Investments**  
(continued)**BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)**

(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |              |
|---|--------------|--------------|
|   | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>   |              |              |
| <b>Health Care Providers &amp; Services (concluded)</b>   |              |              |
| Emergency Medical Services Corp., Term Loan, 5.25%, 5/25/18                                     | USD 759      | \$ 757,672   |
| Harden Healthcare LLC:  |              |              |
| Add on Term Loan A, 7.75%, 3/02/15  | 517          | 500,679      |
| Term Loan A, 8.50%, 3/02/15   | 294          | 288,005      |
| HCA, Inc.:  |              |              |
| Extended Term Loan B3, 3.48%, 5/01/18   | 270          | 265,739      |
| Tranche B-2 Term Loan, 3.71%, 3/31/17   | 368          | 362,671      |
| inVentiv Health, Inc.:  |              |              |
| Combined Term Loan, 6.50%, 8/04/16  | 365          | 339,483      |
| Incremental Term Loan B-3, 6.75%, 5/15/18   | 510          | 475,981      |
| Medpace, Inc., Term Loan, 6.50% 7.25%, 6/16/17  | 622          | 594,314      |
| Sheridan Holdings, Inc., First Lien Term Loan, 6.00%, 6/29/18                                   | 345          | 345,286      |
| US Renal Care, Inc., First Lien Term Loan, 6.24% 7.25%, 7/02/19                                 | 590          | 594,425      |
| Vanguard Health Holding Co. II LLC (Vanguard Health Systems, Inc.), Term Loan B, 5.00%, 1/29/16 | 69           | 69,781       |
|   |              | 7,070,938    |
| <b>Health Care Technology 1.4%</b>  |              |              |
| IMS Health, Inc., Term Loan B, 4.50%, 8/25/17   | 634          | 635,550      |
| Kinetic Concepts, Inc., Term Loan B, 7.00%, 5/04/18   | 1,055        | 1,064,228    |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16   | 368          | 369,342      |
|   |              | 2,069,120    |
| <b>Hotels, Restaurants &amp; Leisure 7.1%</b>   |              |              |
| Alpha D2 Ltd., Term Loan B, 5.75%, 4/28/17  | 713          | 716,921      |
| Ameristar Casinos, Inc., Term Loan B, 4.00%, 4/16/18  | 637          | 637,870      |
| Boyd Gaming Corp., Incremental Term Loan, 6.00%, 12/17/15                                       | 439          | 442,278      |
| Caesars Entertainment Operating Co., Inc.:  |              |              |
| Extended Term Loan B6, 5.49%, 1/26/18   | 105          | 92,301       |
| Incremental Term Loan B4, 9.50%, 10/31/16   | 668          | 680,882      |
| Term Loan B1, 3.24%, 1/28/15  | 133          | 126,349      |
| Term Loan B3, 3.24% 3.46%, 1/28/15  | 2,720        | 2,579,499    |
| DineEquity, Inc., Term Loan B, 4.25% 5.25%, 10/19/17  | 37           | 37,169       |
| Dunkin Brands, Inc., Term Loan B2, 4.00%, 11/23/17  | 1,287        | 1,273,485    |
| Golden Living, Term Loan, 5.00%, 5/04/18  | 166          | 158,891      |
| OSI Restaurant Partners LLC:  |              |              |
| Revolver, 2.49% 4.50%, 6/14/13  | 5            | 4,900        |
| Term Loan B, 2.56%, 6/14/14   | 50           | 49,382       |
| Sabre, Inc., Non Extended Initial Term Loan, 2.23%, 9/30/14                                     | 169          | 166,848      |
| SeaWorld Parks & Entertainment, Inc., Term Loan B, 4.00%, 8/17/17                               | 506          | 506,320      |
| Six Flags Theme Parks, Inc., Term Loan B, 4.25%, 12/20/18                                       | 800          | 801,872      |
| Station Casinos, Inc., Term Loan B1, 3.23%, 6/17/16   | 455          | 431,960      |
| Twin River Worldwide Holdings, Inc., Term Loan, 8.50%, 11/05/15                                 | 375          | 376,550      |
| Wendy's International, Inc., Term Loan B, 4.75%, 5/15/19  | 1,235        | 1,240,508    |

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|   |              |              |
|---|--------------|--------------|
|   |              | 10,323,985   |
| <b>Household Products 0.5%</b>  |              |              |
| Prestige Brands, Inc., Term Loan,<br>5.25% 6.25%, 1/31/19                         | 676          | 681,455      |
| <b>Independent Power Producers &amp; Energy</b>                                   |              |              |
| <b>Traders 0.9%</b>   |              |              |
| The AES Corp., Term Loan, 4.25%, 6/01/18  | 988          | 989,969      |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18  | 245          | 245,338      |
| GenOn Energy, Inc., Term Loan B, 6.00%, 12/01/17                                  | 140          | 141,004      |
|   |              | 1,376,311    |
|   | <b>Par</b>   |              |
| <b>Floating Rate Loan Interests (b)</b>   | <b>(000)</b> | <b>Value</b> |
| <b>Industrial Conglomerates 1.9%</b>  |              |              |
| Sequa Corp.:  |              |              |
| Incremental Term Loan, 6.25%, 12/03/14  | USD 229      | \$ 229,122   |
| Term Loan, 3.69% 3.72%, 12/03/14  | 2,541        | 2,523,804    |
|   |              | 2,752,926    |
| <b>Insurance 0.7%</b>   |              |              |
| Asurion LLC, Term Loan (First Lien), 5.50%, 5/24/18                               | 346          | 346,896      |
| CNO Financial Group, Inc., Term Loan B,<br>6.25%, 9/30/16                         | 731          | 732,639      |
|   |              | 1,079,535    |
| <b>Internet Software &amp; Services 0.4%</b>                                      |              |              |
| Web.com Group, Inc., Term Loan B, 7.00%, 10/27/17                                 | 605          | 601,963      |
| <b>IT Services 5.5%</b>   |              |              |
| Ceridian Corp., Extended Term Loan, 5.99%, 5/09/17                                | 800          | 799,990      |
| First Data Corp.:   |              |              |
| 2018 Term Loan B, 4.24%, 3/23/18  | 3,314        | 3,129,373    |
| Non-Extended Term Loan B-1, 2.99%, 9/24/14  | 159          | 156,565      |
| Non-Extended Term Loan B-3, 2.99%, 9/24/14  | 45           | 44,349       |
| Genpact International, Inc., Term Loan B,<br>4.25%, 8/16/19                       | 875          | 875,000      |
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18  | 376          | 332,527      |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17                                       | 358          | 357,500      |
| Neustar, Inc., Term Loan B, 5.00%, 11/08/18                                       | 466          | 468,807      |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Term Loan, 3.86% 4.06%, 2/26/16 | 161          | 160,488      |
| TransUnion LLC, Term Loan B, 5.50%, 2/12/18                                       | 1,720        | 1,731,384    |
|   |              | 8,055,983    |
| <b>Leisure Equipment &amp; Products 0.8%</b>                                      |              |              |
| Eastman Kodak Co., DIP Term Loan B, 8.50%, 7/19/13                                | 595          | 589,972      |
| FGI Operating Company, LLC, Term Loan,<br>5.50% 6.50%, 4/19/19                    | 595          | 596,862      |
|   |              | 1,186,834    |
| <b>Machinery 2.8%</b>   |              |              |
| Intelligent, Inc., First Lien Term Loan, 6.75%, 7/30/18                           | 500          | 495,000      |
| Navistar International Corp., Term Loan B,<br>7.00%, 8/17/17                      | 499          | 500,903      |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18  | 373          | 374,591      |
| Terex Corp.:  |              |              |
| Term Loan, 6.00%, 4/28/17   | EUR 69       | 86,949       |
| Term Loan B, 5.50%, 4/28/17   | USD 690      | 693,599      |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16  | 1,282        | 1,285,281    |
| Wabash National Corp., Term Loan B, 6.00%, 5/02/19                                | 628          | 632,353      |
|   |              | 4,068,676    |
| <b>Media 16.4%</b>  |              |              |
| Acosta, Inc., Term Loan B, 5.75%, 3/01/18   | 270          | 270,835      |

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|  |       |           |
|--|-------|-----------|
| Affinion Group, Inc., Term Loan B, 5.00%, 7/15/15  | 287   | 243,775   |
| AMC Entertainment, Inc., Term Loan B3,<br>4.25%, 2/22/18                                       | 373   | 373,498   |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18   | 891   | 890,448   |
| Atlantic Broadband Finance LLC, 1st Lien Term Loan, 5.25%, 4/04/19                             | 535   | 535,503   |
| BBHI Acquisition LLC (FKA Bresnan Telecommunications Co. LLC), Term Loan B, 4.50%,<br>12/14/17 | 1,378 | 1,381,445 |
| Capsugel Holdings US, Inc., Term Loan B,<br>4.75%, 8/01/18                                     | 664   | 665,146   |
| Catalina Marketing Corp., Extended Term Loan B,<br>5.73%, 9/29/17                              | 618   | 609,557   |
| Cengage Learning Acquisitions, Inc.:<br>Non-Extended Term Loan, 2.49%, 7/03/14                 | 185   | 170,637   |
| Tranche 1 Incremental, 7.50%, 7/03/14  | 490   | 473,176   |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments**  
(continued)**BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |              |
|--|--------------|--------------|
|  | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>                                      |              |              |
| <b>Media (concluded)</b>   |              |              |
| Charter Communications Operating LLC:  |              |              |
| Extended Term Loan C, 3.49%, 9/06/16   | USD 891      | \$ 888,894   |
| Term Loan D, 4.00%, 5/15/19  | 347          | 346,676      |
| Clarke American Corp., Term Facility B,<br>2.73% 2.96%, 6/30/14              | 106          | 94,971       |
| Clear Channel Communications, Inc.:  |              |              |
| Term Loan B, 3.88%, 1/28/16  | 1,003        | 776,623      |
| Term Loan C, 3.88%, 1/28/16  | 182          | 138,507      |
| Cumulus Media, Inc., First Lien Term Loan,<br>5.75%, 9/17/18                 | 701          | 702,447      |
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18                    | 515          | 518,476      |
| Gray Television, Inc., Term Loan B, 3.75%, 12/31/14                          | 731          | 726,965      |
| Houghton Mifflin Harcourt Publishing Co., DIP Term Loan B, 7.25%, 6/01/18    | 499          | 504,361      |
| Hubbard Broadcasting, Term Loan B, 5.25%, 4/28/17                            | 438          | 438,970      |
| Intelsat Jackson Holdings SA, Tranche B Term Loan, 5.25%, 4/02/18            | 3,172        | 3,182,279    |
| Interactive Data Corp., Term Loan B, 4.50%, 2/12/18                          | 1,535        | 1,536,740    |
| Kabel Deutschland GmbH, Term Loan F,<br>4.25%, 2/01/19                       | 860          | 858,443      |
| Lavena Holding 4 GmbH (Prosiebensat.1 Media AG), Term Loan B, 2.95%, 3/06/15 | EUR 304      | 349,790      |
| LIN Television Corp., Term Loan B, 5.00%, 12/21/18                           | USD 373      | 375,226      |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13                           | 1,325        | 1,332,181    |
| Nielsen Finance LLC, Class B Term Loan,<br>3.99%, 5/02/16                    | 724          | 726,271      |
| Sinclair Television Group, Inc., Term Loan B,<br>4.00%, 10/28/16             | 640          | 639,696      |
| Thomson Reuters (Healthcare), Inc., Term Loan B,<br>6.75%, 6/06/19           | 695          | 699,921      |
| Univision Communications, Inc., Extended Term Loan, 4.48%, 3/31/17           | 986          | 952,754      |
| UPC Broadband Holding BV, Term Loan U,<br>4.15%, 12/29/17                    | EUR 210      | 262,893      |
| UPC Financing Partnership:   |              |              |
| Term Loan, 4.75%, 12/29/17   | USD 530      | 531,548      |
| Term Loan T, 3.75%, 12/30/16   | 95           | 94,110       |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18                                  | 212          | 210,383      |
| Weather Channel, Term Loan B, 4.25%, 2/13/17                                 | 962          | 965,597      |
| WideOpenWest Finance LLC, First Lien Term Loan,<br>6.25%, 7/17/18            | 595          | 594,631      |
|  |              | 24,063,373   |
| <b>Metals &amp; Mining 2.6%</b>  |              |              |
| Constellium Holding Co. BV, Term Loan B,<br>9.25%, 5/25/18                   |              |              |
|  | 590          | 578,200      |
| Novelis, Inc., Term Loan, 4.00%, 3/10/17                                     | 1,322        | 1,313,681    |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18                            | 495          | 492,526      |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18                             | 1,478        | 1,453,044    |
|  |              | 3,837,451    |
| <b>Multiline Retail 1.3%</b>   |              |              |
| 99¢ Only Stores, Term Loan, 5.25%, 1/11/19                                   |              |              |
|  | 597          | 600,353      |
| Dollar General Corp., Tranche B-2 Term Loan,<br>2.98%, 7/07/14               | 360          | 361,067      |
| Hema Holding BV:   |              |              |

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|  |            |              |              |
|--|------------|--------------|--------------|
| Term Loan B, 2.89%, 7/06/15  | EUR        | 203          | 245,464      |
| Term Loan C, 2.14%, 7/05/16  |            | 203          | 246,738      |
| The Neiman Marcus Group, Inc., Term Loan, 4.75%, 5/16/18               | USD        | 485          | 485,000      |
|  |            |              | 1,938,622    |
| <b>Oil, Gas &amp; Consumable Fuels 2.3%</b>                            |            |              |              |
| Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17          |            | 1,060        | 1,062,279    |
| Everest Acquisition LLC, Term Loan B1, 5.00%, 4/24/18                  |            | 755          | 756,888      |
|  | <b>Par</b> |              |              |
| <b>Floating Rate Loan Interests (b)</b>                                |            | <b>(000)</b> | <b>Value</b> |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>                     |            |              |              |
| Gibson Energy ULC, Term Loan B, 4.75%, 6/15/18                         | USD        | 881          | \$ 883,970   |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15                 |            | 618          | 618,239      |
|  |            |              | 3,321,376    |
| <b>Paper &amp; Forest Products 0.8%</b>                                |            |              |              |
| Ainsworth Lumber Co. Ltd., Term Loan, 5.25%, 6/26/14                   |            | 200          | 193,500      |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                           |            | 250          | 252,345      |
| Verso Paper Finance Holdings LLC, Term Loan, 6.49% 7.24%, 2/01/13      |            | 1,520        | 760,203      |
|  |            |              | 1,206,048    |
| <b>Pharmaceuticals 4.1%</b>  |            |              |              |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                      |            | 1,283        | 1,277,940    |
| Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18 |            | 1,593        | 1,610,294    |
| Quintiles Transnational Corp., Term Loan B, 5.00%, 6/08/18             |            | 673          | 674,466      |
| RPI Finance Trust:   |            |              |              |
| Incremental Tranche 2, 4.00%, 11/09/18                                 |            | 110          | 109,840      |
| Term Loan Tranche 2, 4.00%, 5/09/18                                    |            | 494          | 494,516      |
| Valeant Pharmaceuticals International, Inc.:                           |            |              |              |
| Add-On Term Loan B, 4.75%, 2/13/19                                     |            | 678          | 679,310      |
| Series A Tranche B, 4.75%, 2/13/19                                     |            | 495          | 496,148      |
| Warner Chilcott Corp.:   |            |              |              |
| Incremental Term Loan B-1, 4.25%, 3/15/18                              |            | 117          | 116,207      |
| Term Loan B-1, 4.25%, 3/15/18  |            | 308          | 306,012      |
| Term Loan B-2, 4.25%, 3/15/18  |            | 154          | 153,006      |
|  |            |              | 5,917,739    |
| <b>Professional Services 1.4%</b>                                      |            |              |              |
| Booz Allen Hamilton, Inc., Term Loan B, 4.50%, 7/31/19                 |            | 740          | 740,925      |
| Emdeon, Inc., Term Loan B1, 5.00%, 11/02/18                            |            | 931          | 931,544      |
| ON Assignment, Inc., Term Loan B, 5.00%, 5/15/19                       |            | 306          | 304,329      |
|  |            |              | 1,976,798    |
| <b>Real Estate Investment Trusts (REITs) 0.8%</b>                      |            |              |              |
| iStar Financial, Inc.:   |            |              |              |
| Term Loan A1, 5.00%, 6/28/13   |            | 1,185        | 1,186,350    |
| Term Loan A2, 7.00%, 6/30/14   |            | 35           | 35,033       |
|  |            |              | 1,221,383    |
| <b>Real Estate Management &amp; Development 1.6%</b>                   |            |              |              |
| Mattamy Funding Partnership, Term Loan B, 2.69%, 4/11/13               |            | 225          | 221,802      |
| Realogy Corp.:   |            |              |              |
| Extended Letter of Credit Loan, 4.50%, 10/10/16                        |            | 103          | 99,281       |
| Extended Synthetic Letter of Credit, 3.25%, 10/10/13                   |            | 29           | 26,904       |
| Extended Term Loan, 4.48%, 10/10/16                                    |            | 1,971        | 1,902,900    |
| Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17             |            | 100          | 99,500       |

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|   |     |           |
|---|-----|-----------|
|   |     | 2,350,387 |
| <b>Road &amp; Rail 0.7%</b>                                       |     |           |
| Avis Budget Car Rental LLC, Incremental Term Loan, 6.25%, 9/21/18 | 316 | 317,379   |
| RailAmerica, Inc., Term Loan B, 4.00%, 3/01/19                    | 509 | 508,410   |
| Road Infrastructure Investment LLC, Term Loan B, 6.25%, 3/30/18   | 269 | 267,978   |
|   |     | 1,093,767 |

See Notes to Consolidated Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2012

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**Table of Contents****Consolidated Schedule of Investments**  
(continued)**BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)**

(Percentages shown are based on Net Assets)

|   | Par     | Value      |
|---|---------|------------|
| Floating Rate Loan Interests (b)  | (000)   |            |
| <b>Semiconductors &amp; Semiconductor Equipment 0.9%</b>                |         |            |
| Freescale Semiconductor, Inc., Extended Term Loan B, 4.50%, 12/01/16    | USD 869 | \$ 833,242 |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 446     | 451,476    |
|   |         | 1,284,718  |
| <b>Software 3.7%</b>  |         |            |
| Blackboard, Inc., Term Loan B, 7.50%, 10/04/18                          | 294     | 288,573    |
| Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18 | 2,040   | 2,060,857  |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                                 | 738     | 744,240    |
| SS&C Technologies, Inc.:  |         |            |
| Term Loan B-1, 5.00%, 6/07/19   | 1,028   | 1,029,174  |
| Term Loan B-2, 5.00%, 6/07/19   | 106     | 106,466    |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                            | 355     | 354,248    |
| WaveDivision Holdings LLC, Term Loan B, 5.50%, 8/23/19                  | 800     | 802,984    |
|   |         | 5,386,542  |
| <b>Specialty Retail 6.6%</b>  |         |            |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                 | 896     | 898,634    |
| Bass Pro Group LLC, Term Loan, 5.25%, 6/13/17                           | 644     | 648,582    |
| Burlington Coat Factory Warehouse Corp., Term Loan B1, 5.50%, 2/23/17   | 173     | 173,423    |
| Claire's Stores, Inc., Term Loan B, 2.98% 3.20%, 5/29/14                | 926     | 908,258    |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18            | 985     | 983,611    |
| The Gymboree Corp., Term Loan, 5.00%, 2/23/18                           | 146     | 141,494    |
| Harbor Freight Tools USA, Inc., Term Loan B, 5.50%, 11/14/17            | 525     | 524,260    |
| Jo-Ann Stores, Inc., Term Loan, 4.75%, 3/16/18                          | 362     | 361,984    |
| Michaels Stores, Inc.:  |         |            |
| Extended Term Loan B3, 5.00%, 7/29/16                                   | 392     | 394,015    |
| Term Loan B2, 5.00%, 7/29/16  | 701     | 704,503    |
| Party City Holdings, Inc., Term Loan B, 5.75%, 7/26/19                  | 975     | 979,465    |
| PETCO Animal Supplies, Inc., Term Loan, 4.50%, 11/24/17                 | 1,125   | 1,125,709  |
| Things Remembered, Inc., Term Loan B, 8.00%, 5/24/18                    | 360     | 352,800    |
| Toys 'R Us Delaware, Inc.:  |         |            |
| Incremental Term Loan B2, 5.25%, 5/25/18                                | 242     | 231,414    |
| Term Loan, 6.00%, 9/01/16   | 300     | 294,271    |
| Term Loan B3, 5.25%, 5/25/18  | 110     | 105,336    |
| The Yankee Candle Co., Inc., Term Loan B, 5.25%, 4/02/19                | 728     | 731,000    |
|   |         | 9,558,759  |
| <b>Textiles, Apparel &amp; Luxury Goods 1.2%</b>                        |         |            |
| Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18           | 1,057   | 1,047,654  |
| Wolverine Worldwide, Inc., Term Loan B, 6.75%, 6/26/19                  | 660     | 664,112    |
|   |         | 1,711,766  |
| <b>Wireless Telecommunication Services 1.7%</b>                         |         |            |
| Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19           | 317     | 316,122    |
| MetroPCS Wireless, Inc.:  |         |            |
| Term Loan B-3, 4.00%, 3/16/18   | 146     | 145,501    |

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|  |       |           |
|--|-------|-----------|
| Tranche B-2 Term Loan, 4.07%, 11/03/16 | 474   | 473,170   |
| Vodafone Americas Finance 2, Inc. (g): |       |           |
| Term Loan, 6.88%, 8/11/15              | 1,211 | 1,259,443 |
| Term Loan B, 6.25%, 7/11/16            | 309   | 315,562   |

|  |  |             |
|--|--|-------------|
|  |  | 2,509,798   |
| <b>Total Floating Rate Loan Interests 126.9%</b> |  | 184,945,380 |

| Other Interests (i)                                  | Beneficial Interest (000) | Value   |
|--|---------------------------|---------|
| <b>Chemicals 0.0%</b>                                |                           |         |
| Wellman Holdings, Inc., Litigation Trust Certificate | USD 2,000                 | \$ 20   |
| <b>Diversified Financial Services 0.3%</b>           |                           |         |
| J.G. Wentworth LLC Preferred Equity Interests (d)    | (j)                       | 365,704 |
| <b>Total Other Interests 0.3%</b>                    |                           | 365,724 |

| Warrants (k)   | Shares |             |
|--|--------|-------------|
| <b>Software 0.0%</b>   |        |             |
| HMH Holdings/EduMedia (Issued/Exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$42.27) | 613    |             |
| <b>Total Long-Term Investments</b>   |        |             |
| (Cost \$211,136,977) 145.2%  |        | 211,542,876 |

| Short-Term Securities  |           |           |
|--|-----------|-----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (l)(m) | 1,481,869 | 1,481,869 |
| <b>Total Short-Term Securities</b>                                     |           |           |
| (Cost \$1,481,869) 1.0%  |           | 1,481,869 |

| Options Purchased   | Contracts |                |
|---|-----------|----------------|
| <b>Over-the-Counter Call Options 0.0%</b>   |           |                |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/14/19, Broker Goldman Sachs Group, Inc. | 11        |                |
| <b>Total Options Purchased</b>  |           |                |
| (Cost \$10,755) 0.0%  |           |                |
| <b>Total Investments (Cost \$212,629,601) 146.2%</b>  |           | 213,024,745    |
| <b>Liabilities in Excess of Other Assets (46.2)%</b>  |           | (67,347,038)   |
| <b>Net Assets 100.0%</b>  |           | \$ 145,677,707 |

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) When-issued security. Unsettled when-issued transaction was as follows:

| Counterparty           | Value      | Unrealized Appreciation |
|------------------------|------------|-------------------------|
| Credit Suisse Group AG | \$ 369,200 |                         |

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(d) Non-income producing security.

(e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(f) Convertible security.

(g) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

(h) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.

(i) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(j) Amount is less than \$500.

(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.

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

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

(l) Investments in issuers considered to be an affiliate of the Fund during the six months ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate  | Shares Held at February 29, 2012 | Net Activity | Shares Held at August 31, 2012 | Income |
|--|----------------------------------|--------------|--------------------------------|--------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 2,382,746                        | (900,877)    | 1,481,869                      | \$ 445 |

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

Foreign currency exchange contracts as of August 31, 2012 were as follows:

| Currency     | Purchased | Currency Sold | Counter party   | Settle ment Date | Unrealized Depreciation |
|--------------|-----------|---------------|-----------------|------------------|-------------------------|
| USD          | 768,036   | CAD 780,000   | UBS AG          | 10/17/12         | \$ (22,525)             |
| USD          | 70,504    | GBP 45,000    | Citigroup, Inc. | 10/17/12         | (938)                   |
| USD          | 871,669   | GBP 561,500   | UBS AG          | 10/17/12         | (19,778)                |
| USD          | 2,150,404 | EUR 1,754,000 | Citigroup, Inc. | 10/22/12         | (56,915)                |
| <b>Total</b> |           |               |                 |                  | \$ (100,156)            |

Credit default swaps on traded indexes buy protection outstanding as of August 31, 2012 were as follows:

| Index               | Pay Fixed Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Depreciation |
|---------------------|----------------|--------------|-----------------|-----------------------|-------------------------|
| Dow Jones CDX North | 5.00%          | JPMorgan &   | 6/20/17         | \$ 1,906              | \$ (77,373)             |
| America High Yield  |                | Chase Co.    |                 |                       |                         |
| Index Series 18     |                |              |                 |                       |                         |

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. These definitions 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 derivative financial instrument. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

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

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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 derivative financial instrument)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2012:

|                              | Level 1             | Level 2               | Level 3              | Total                 |
|------------------------------|---------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                     |                       |                      |                       |
| Investments:                 |                     |                       |                      |                       |
| Long-Term Investments:       |                     |                       |                      |                       |
| Asset-Backed Securities      |                     |                       | \$ 3,851,124         | \$ 3,851,124          |
| Common Stocks                | \$ 468,196          | \$ 402,509            | 4,937                | 875,642               |
| Corporate Bonds              |                     | 19,548,395            | 1,956,611            | 21,505,006            |
| Floating Rate Loan Interests |                     | 172,570,323           | 12,375,057           | 184,945,380           |
| Other Interests              |                     |                       | 365,724              | 365,724               |
| Warrants                     |                     |                       |                      |                       |
| Short-Term Securities        | 1,481,869           |                       |                      | 1,481,869             |
| <b>Total</b>                 | <b>\$ 1,950,065</b> | <b>\$ 192,521,227</b> | <b>\$ 18,553,453</b> | <b>\$ 213,024,745</b> |

|   | Level 1 | Level 2             | Level 3 | Total               |
|---|---------|---------------------|---------|---------------------|
| Derivative Financial Instruments <sup>1</sup> |         |                     |         |                     |
| <b>Liabilities:</b>                           |         |                     |         |                     |
| Foreign currency exchange contracts           |         | \$ (100,156)        |         | \$ (100,156)        |
| Interest rate contracts                       |         | (77,373)            |         | (77,373)            |
| <b>Total</b>                                  |         | <b>\$ (177,529)</b> |         | <b>\$ (177,529)</b> |

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

Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|                           | Level 1          | Level 2                | Level 3 | Total                  |
|---------------------------|------------------|------------------------|---------|------------------------|
| <b>Assets:</b>            |                  |                        |         |                        |
| Cash                      | \$ 3,216         |                        |         | \$ 3,216               |
| Foreign currency at value | 35,669           |                        |         | 35,669                 |
| <b>Liabilities:</b>       |                  |                        |         |                        |
| Loan payable              |                  | \$ (63,000,000)        |         | (63,000,000)           |
| <b>Total</b>              | <b>\$ 38,885</b> | <b>\$ (63,000,000)</b> |         | <b>\$ (62,961,115)</b> |

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There were no transfers between Level 1 and Level 2 during the six months ended August 31, 2012.

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments (concluded)** **BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)**

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the fair value of certain of the Fund's Level 3 investments as of August 31, 2012:

|                              | Value               | Valuation Techniques        | Unobservable Inputs <sup>1</sup> | Range of Unobservable Inputs | Weighted Average of Unobservable Inputs <sup>2</sup> |
|------------------------------|---------------------|-----------------------------|----------------------------------|------------------------------|--|
| <b>Assets:</b>               |                     |                             |                                  |                              |  |
| Common Stocks                | \$ 4,937            | Market Comparable Companies | EBITDA Multiple                  | 5.0x                         | 5.0x   |
|                              |                     |                             | Illiquidity Discount             | 20%                          | 20%  |
|                              |                     |                             | Proforma Revenue Increase        | 37%                          | 37%  |
| Corporate Bonds              | 1,608,081           | Market Comparable Companies | EBITDA Multiple                  | 5.0x                         | 5.0x   |
|                              |                     |                             | Illiquidity Discount             | 20%                          | 20%  |
|                              |                     |                             | Proforma Revenue Increase        | 37%                          | 37%  |
| Floating Rate Loan Interests | 2,448,888           | Market Comparable Companies | Illiquidity Discount             | 50%                          | 50%  |
|                              |                     |                             | Yield                            | 9.65%                        | 9.65%  |
|                              |                     | Cost                        | N/A <sup>3</sup>                 |                              |  |
| <b>Total<sup>4</sup></b>     | <b>\$ 4,061,906</b> |                             |                                  |                              |  |

<sup>1</sup> A change to the unobservable inputs may result in a significant change to the value of the investment as follows:

| Unobservable Input        | Impact to Value if Input Increases | Impact to Value if Input Decreases |
|---------------------------|------------------------------------|------------------------------------|
| EBITDA Multiple           | Increase                           | Decrease                           |
| Illiquidity Discount      | Decrease                           | Increase                           |
| Proforma Revenue Increase | Increase                           | Decrease                           |
| Yield                     | Decrease                           | Increase                           |

<sup>2</sup> Unobservable inputs are weighted based on the value of the investments included in the range.

<sup>3</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

<sup>4</sup> Does not include Level 3 investments with values derived utilizing prices from recent prior transactions or third party pricing information without adjustment for which such inputs are unobservable. See above valuation input table for values of such Level 3 investments. A significant change in third party pricing information could result in a significantly lower or higher value in such Level 3 investments.

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A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed<br>Securities | Common<br>Stocks | Corporate<br>Bonds  | Floating Rate<br>Loan Interests | Other<br>Interests | Total                |
|---|----------------------------|------------------|---------------------|---------------------------------|--------------------|----------------------|
| <b>Assets:</b>  |                            |                  |                     |                                 |                    |                      |
| Opening balance, as of February 29, 2012                        | \$ 3,012,124               | \$ 16,744        | \$ 1,863,100        | \$ 9,442,927                    | \$ 311,546         | \$ 14,646,441        |
| Transfers into Level 3 <sup>5</sup>                             |                            |                  |                     | 2,698,968                       |                    | 2,698,968            |
| Transfers out of Level 3 <sup>6</sup>                           |                            |                  |                     | (2,006,150)                     |                    | (2,006,150)          |
| Accrued discounts/premiums                                      | 20,211                     |                  | 32,997              | (70,340)                        |                    | (17,132)             |
| Net realized gain (loss)  | (45,594)                   | (669,326)        |                     | (278,193)                       |                    | (993,113)            |
| Net change in unrealized appreciation/depreciation <sup>7</sup> | 169,049                    | 657,525          | (14,486)            | 487,360                         | 54,178             | 1,353,626            |
| Purchases   | 2,776,459                  |                  | 75,000              | 3,992,590                       |                    | 6,844,049            |
| Sales   | (2,081,125)                | (6)              |                     | (1,892,105)                     |                    | (3,973,236)          |
| <b>Closing Balance, as of August 31, 2012</b>                   | <b>\$ 3,851,124</b>        | <b>\$ 4,937</b>  | <b>\$ 1,956,611</b> | <b>\$ 12,375,057</b>            | <b>\$ 365,724</b>  | <b>\$ 18,553,453</b> |

<sup>5</sup> As of February 29, 2012, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$2,698,968 transferred from Level 2 to Level 3 in the disclosure hierarchy.

<sup>6</sup> As of February 29, 2012, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$2,006,150 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>7</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$242,680

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**Table of Contents**Consolidated Schedule of Investments  
August 31, 2012 (Unaudited)**BlackRock Senior High Income Fund, Inc. (ARK)**  
(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |  | <b>Value</b>     |
|---|--------------|--|------------------|
| <b>Asset-Backed Securities</b>  | <b>(000)</b> |  |                  |
| CSAM Funding, Series 2A, Class B1,<br>7.05%, 10/15/16 (a)                             | USD 500      |  | \$ 505,200       |
| Fraser Sullivan CLO Ltd., Series 2012-7A, Class C, 4.47%, 4/20/23 (a)(b)              | 405          |  | 359,883          |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.81%, 10/27/20 (b)                  | 495          |  | 417,038          |
| Goldentree Loan Opportunities VI Ltd., Series 2012-6A, Class D, 4.66%, 4/17/22 (a)(b) | 650          |  | 590,915          |
| Greyrock CDO Ltd., Series 2005-1X, Class A2L,<br>0.85%, 11/15/17 (b)                  | 1,025        |  | 906,817          |
| Highbridge Loan Management Ltd., Series 2012-1A, Class C, 5.71%, 9/20/22 (a)(b)(c)    | 650          |  | 599,950          |
| ING Investment Management, Series 2012-2A, Class D, 4.99%, 10/15/22 (a)(b)            | 675          |  | 601,837          |
| LCM LP (a)(b):  |              |  |                  |
| Series 11A, Class D2, 4.41%, 4/19/22  | 700          |  | 612,500          |
| Series 9A, Class E, 4.66%, 7/14/22  | 500          |  | 387,550          |
| Symphony CLO Ltd. (a)(b):   |              |  |                  |
| Series 2012-9A, Class D, 4.71%, 4/16/22   | 525          |  | 467,880          |
| Series 2012-10A, Class D, 5.69%, 7/23/23  | 650          |  | 601,250          |
| <b>Total Asset-Backed Securities 2.5%</b>   |              |  | <b>6,050,820</b> |

| <b>Common Stocks (d)</b>                | <b>Shares</b> |  |                  |
|---|---------------|--|------------------|
| <b>Chemicals 0.0%</b>                   |               |  |                  |
| GEO Specialty Chemicals, Inc.           | 142,466       |  | 65,534           |
| <b>Containers &amp; Packaging 0.1%</b>  |               |  |                  |
| Smurfit Kappa Plc                       | 18,171        |  | 148,244          |
| <b>Metals &amp; Mining 0.1%</b>         |               |  |                  |
| Euramax International                   | 935           |  | 199,445          |
| <b>Paper &amp; Forest Products 0.5%</b> |               |  |                  |
| Ainsworth Lumber Co. Ltd.               | 547,756       |  | 1,200,257        |
| <b>Software 0.3%</b>                    |               |  |                  |
| HMH Holdings/EduMedia                   | 30,022        |  | 735,532          |
| <b>Total Common Stocks 1.0%</b>         |               |  | <b>2,349,012</b> |

|  | <b>Par</b>   |  |           |
|--|--------------|--|-----------|
| <b>Corporate Bonds</b>   | <b>(000)</b> |  |           |
| <b>Aerospace &amp; Defense 0.5%</b>  |              |  |           |
| Huntington Ingalls Industries, Inc., 7.13%, 3/15/21                          | USD 425      |  | 460,063   |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17                | 692          |  | 736,980   |
|  |              |  | 1,197,043 |
| <b>Airlines 0.2%</b>   |              |  |           |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23 | 325          |  | 344,617   |
| Delta Air Lines, Inc., Series 2009-1-B,<br>9.75%, 6/17/18                    | 85           |  | 92,176    |
|  |              |  | 436,793   |
| <b>Auto Components 1.3%</b>  |              |  |           |
| Delphi Corp., 6.13%, 5/15/21   | 290          |  | 319,000   |
| Icahn Enterprises LP:  |              |  |           |
| 7.75%, 1/15/16   | 110          |  | 115,500   |
| 8.00%, 1/15/18   | 2,065        |  | 2,199,225 |
| Titan International, Inc., 7.88%, 10/01/17                                   | 490          |  | 513,275   |
| Venture Holdings Co. LLC (d)(e):   |              |  |           |
| 12.00%, 7/01/49  | 700          |  |           |

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|   |                  |              |
|---|------------------|--------------|
| Series B, 9.50%, 7/01/05                                    | 3,325            |              |
|   |                  | 3,147,000    |
| <b>Biotechnology 0.0%</b>                                   |                  |              |
| QHP Royalty Sub LLC, 10.25%, 3/15/15 (a)                    | 24<br><b>Par</b> | 23,903       |
|   |                  |              |
| <b>Corporate Bonds (000)</b>                                |                  | <b>Value</b> |
| <b>Building Products 0.4%</b>                               |                  |              |
| Building Materials Corp. of America (a):                    |                  |              |
| 7.00%, 2/15/20  | USD 485          | \$ 525,013   |
| 6.75%, 5/01/21  | 410              | 447,925      |
|   |                  | 972,938      |
| <b>Capital Markets 0.6%</b>                                 |                  |              |
| E*Trade Financial Corp., 12.50%, 11/30/17 (f)               | 935              | 1,067,069    |
| KKR Group Finance Co. LLC, 6.38%, 9/29/20 (a)               | 280              | 316,946      |
|   |                  | 1,384,015    |
| <b>Chemicals 4.4%</b>                                       |                  |              |
| Ashland, Inc., 4.75%, 8/15/22 (a)                           | 255              | 255,638      |
| Celanese US Holdings LLC, 5.88%, 6/15/21                    | 745              | 823,225      |
| GEO Specialty Chemicals, Inc.:                              |                  |              |
| 7.50%, 3/31/15 (f)(g)                                       | 1,869            | 2,242,348    |
| 10.00%, 3/31/15   | 1,839            | 1,838,720    |
| Hexion US Finance Corp., 6.63%, 4/15/20                     | 470              | 474,700      |
| Huntsman International LLC, 8.63%, 3/15/21                  | 395              | 452,275      |
| INEOS Finance Plc (a):                                      |                  |              |
| 8.38%, 2/15/19  | 805              | 847,262      |
| 7.50%, 5/01/20  | 195              | 198,900      |
| LyondellBasell Industries NV:                               |                  |              |
| 6.00%, 11/15/21   | 535              | 609,900      |
| 5.75%, 4/15/24  | 935              | 1,058,887    |
| NOVA Chemicals Corp., 8.63%, 11/01/19                       | 300              | 342,000      |
| Orion Engineered Carbons Bondco GmbH,<br>9.63%, 6/15/18 (a) | 400              | 422,000      |
| Tronox Finance LLC, 6.38%, 8/15/20 (a)                      | 1,075            | 1,085,750    |
|   |                  | 10,651,605   |
| <b>Commercial Banks 0.6%</b>                                |                  |              |
| CIT Group, Inc.:  |                  |              |
| 5.00%, 5/15/17  | 330              | 344,025      |
| 5.50%, 2/15/19 (a)  | 760              | 792,300      |
| 5.00%, 8/15/22  | 250              | 251,894      |
|   |                  | 1,388,219    |
| <b>Commercial Services &amp; Supplies 1.2%</b>              |                  |              |
| ARAMARK Holdings Corp., 8.63%, 5/01/16 (a)(f)               | 330              | 337,841      |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)             | 500              | 527,399      |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a)          | 25               | 25,250       |
| Clean Harbors, Inc., 5.25%, 8/01/20 (a)                     | 226              | 231,933      |
| Covanta Holding Corp., 6.38%, 10/01/22                      | 420              | 459,216      |
| The Geo Group, Inc., 7.75%, 10/15/17                        | 450              | 487,687      |
| Mead Products LLC/ACCO Brands Corp.,<br>6.75%, 4/30/20 (a)  | 328              | 346,860      |
| Mobile Mini, Inc., 7.88%, 12/01/20                          | 335              | 359,287      |
| West Corp., 8.63%, 10/01/18                                 | 165              | 167,475      |
|   |                  | 2,942,948    |
| <b>Communications Equipment 0.4%</b>                        |                  |              |
| Hughes Satellite Systems Corp., 6.50%, 6/15/19              | 320              | 342,800      |
| Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20           | 700              | 743,750      |
|   |                  | 1,086,550    |
| <b>Construction Materials 0.5%</b>                          |                  |              |
| HD Supply, Inc., 8.13%, 4/15/19 (a)                         | 1,095            | 1,188,075    |

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### Consumer Finance 0.2%

#### Ford Motor Credit Co. LLC:

|                |     |         |
|----------------|-----|---------|
| 7.00%, 4/15/15 | 140 | 155,845 |
| 6.63%, 8/15/17 | 300 | 344,875 |

500,720

### Containers & Packaging 1.1%

#### Ardagh Packaging Finance Plc (a):

|                 |     |         |
|-----------------|-----|---------|
| 7.38%, 10/15/17 | 200 | 214,250 |
| 9.13%, 10/15/20 | 300 | 312,000 |

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Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

|  | Par     |            |
|--|---------|------------|
|  | (000)   | Value      |
| <b>Corporate Bonds</b>   |         |            |
| <b>Containers &amp; Packaging (concluded)</b>                                    |         |            |
| Ball Corp., 6.75%, 9/15/20   | USD 325 | \$ 359,125 |
| Berry Plastics Corp., 8.25%, 11/15/15  | 540     | 568,350    |
| Crown Americas LLC, 6.25%, 2/01/21   | 535     | 591,175    |
| Sealed Air Corp. (a):  |         |            |
| 8.13%, 9/15/19   | 405     | 450,562    |
| 8.38%, 9/15/21   | 80      | 90,000     |
|  |         | 2,585,462  |
| <b>Distributors 0.2%</b>   |         |            |
| VWR Funding, Inc., 7.25%, 9/15/17 (a)(c)   | 383     | 387,788    |
| <b>Diversified Consumer Services 0.1%</b>  |         |            |
| ServiceMaster Co., 8.00%, 2/15/20  | 125     | 133,281    |
| <b>Diversified Financial Services 3.1%</b>                                       |         |            |
| Ally Financial, Inc.:  |         |            |
| 8.30%, 2/12/15   | 3,670   | 4,073,700  |
| 8.00%, 11/01/31  | 230     | 271,975    |
| 8.00%, 11/01/31  | 370     | 439,188    |
| CNG Holdings, Inc., 9.38%, 5/15/20 (a)   | 260     | 265,200    |
| DPL, Inc., 7.25%, 10/15/21 (a)   | 95      | 108,300    |
| Reynolds Group Issuer, Inc.:   |         |            |
| 7.13%, 4/15/19   | 560     | 603,400    |
| 9.88%, 8/15/19   | 965     | 1,020,487  |
| 6.88%, 2/15/21   | 500     | 541,250    |
| 8.25%, 2/15/21   | 100     | 98,250     |
| WMG Acquisition Corp., 9.50%, 6/15/16  | 105     | 114,713    |
|  |         | 7,536,463  |
| <b>Diversified Telecommunication Services 1.4%</b>                               |         |            |
| ITC Deltacom, Inc., 10.50%, 4/01/16  | 520     | 560,300    |
| Level 3 Financing, Inc.:   |         |            |
| 4.47%, 2/15/15 (b)   | 1,295   | 1,282,050  |
| 8.13%, 7/01/19   | 1,130   | 1,183,675  |
| 7.00%, 6/01/20 (a)   | 244     | 242,780    |
|  |         | 3,268,805  |
| <b>Electric Utilities 0.1%</b>   |         |            |
| Mirant Mid Atlantic Pass Through Trust, Series B,<br>9.13%, 6/30/17              | 248     | 266,562    |
| <b>Electrical Equipment 0.1%</b>   |         |            |
| Belden, Inc., 5.50%, 9/01/22 (a)   | 190     | 190,475    |
| <b>Energy Equipment &amp; Services 2.5%</b>                                      |         |            |
| Calfrac Holdings LP, 7.50%, 12/01/20 (a)   | 920     | 901,600    |
| Compagnie Générale de Géophysique, Veritas, 6.50%, 6/01/21                       | 1,105   | 1,150,581  |
| FTS International Services LLC/FTS International Bonds Inc., 8.13%, 11/15/18 (a) | 625     | 645,312    |
| Gulfmark Offshore, Inc., 6.38%, 3/15/22 (a)                                      | 70      | 71,400     |
| Hornbeck Offshore Services, Inc., 5.88%, 4/01/20                                 | 140     | 142,800    |
| Key Energy Services, Inc., 6.75%, 3/01/21  | 380     | 386,650    |
| MEG Energy Corp. (a):  |         |            |
| 6.50%, 3/15/21   | 490     | 515,725    |
| 6.38%, 1/30/23   | 165     | 172,013    |
| Oil States International, Inc., 6.50%, 6/01/19                                   | 270     | 286,875    |
| Peabody Energy Corp., 6.25%, 11/15/21 (a)  | 1,090   | 1,109,075  |
| Precision Drilling Corp.:  |         |            |

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|   |              |              |
|---|--------------|--------------|
| 6.63%, 11/15/20   | 65           | 68,250       |
| 6.50%, 12/15/21   | 445          | 467,250      |
|   |              | 5,917,531    |
| <b>Food Products 0.4%</b>   |              |              |
| Constellation Brands, Inc., 6.00%, 5/01/22                            | 245          | 275,319      |
| Post Holdings, Inc., 7.38%, 2/15/22 (a)                               | 250          | 263,438      |
| Smithfield Foods, Inc., 6.63%, 8/15/22                                | 367          | 375,716      |
|   |              | 914,473      |
|   | <b>Par</b>   |              |
| <b>Corporate Bonds</b>  | <b>(000)</b> | <b>Value</b> |
| <b>Health Care Equipment &amp; Supplies 0.7%</b>                      |              |              |
| Biomet, Inc., 6.50%, 8/01/20 (a)                                      | USD 279      | \$ 289,462   |
| DJO Finance LLC:  |              |              |
| 10.88%, 11/15/14  | 150          | 156,562      |
| 8.75%, 3/15/18 (a)  | 115          | 122,188      |
| 7.75%, 4/15/18  | 30           | 27,450       |
| Fresenius Medical Care US Finance II, Inc. (a):                       |              |              |
| 5.63%, 7/31/19  | 360          | 384,750      |
| 5.88%, 1/31/22  | 340          | 361,250      |
| Teleflex, Inc., 6.88%, 6/01/19  | 250          | 267,500      |
|   |              | 1,609,162    |
| <b>Health Care Providers &amp; Services 3.2%</b>                      |              |              |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19                         | 365          | 379,600      |
| CHS/Community Health Systems, Inc.:                                   |              |              |
| 5.13%, 8/15/18  | 185          | 190,781      |
| 7.13%, 7/15/20  | 176          | 184,360      |
| DaVita, Inc., 5.75%, 8/15/22  | 362          | 376,480      |
| HCA, Inc.:  |              |              |
| 8.50%, 4/15/19  | 25           | 28,188       |
| 6.50%, 2/15/20  | 1,030        | 1,131,712    |
| 7.88%, 2/15/20  | 1,174        | 1,310,477    |
| 5.88%, 3/15/22  | 785          | 835,044      |
| Hologic, Inc., 6.25%, 8/01/20 (a)                                     | 516          | 546,315      |
| Omnicare, Inc., 7.75%, 6/01/20  | 695          | 766,238      |
| Tenet Healthcare Corp.:   |              |              |
| 10.00%, 5/01/18   | 430          | 494,500      |
| 8.88%, 7/01/19  | 1,015        | 1,154,562    |
| Vanguard Health Holding Co. II LLC, 7.75%, 2/01/19 (a)                | 300          | 312,750      |
|   |              | 7,711,007    |
| <b>Health Care Technology 0.8%</b>                                    |              |              |
| IMS Health, Inc., 12.50%, 3/01/18 (a)                                 | 1,730        | 2,032,750    |
| <b>Hotels, Restaurants &amp; Leisure 1.4%</b>                         |              |              |
| Affinity Gaming LLC/Affinity Gaming Finance Corp., 9.00%, 5/15/18 (a) | 125          | 127,187      |
| Caesars Entertainment Operating Co., Inc.:                            |              |              |
| 11.25%, 6/01/17   | 140          | 150,850      |
| 8.50%, 2/15/20 (a)  | 675          | 665,719      |
| Caesars Operating Escrow LLC, 9.00%, 2/15/20 (a)                      | 709          | 705,455      |
| Carlson Wagonlit BV, 6.88%, 6/15/19 (a)                               | 200          | 208,000      |
| Choice Hotels International, Inc., 5.75%, 7/01/22                     | 90           | 96,525       |
| Diamond Resorts Corp., 12.00%, 8/15/18                                | 540          | 574,425      |
| Little Traverse Bay Bands of Odawa Indians,                           |              |              |
| 9.00%, 8/31/20 (a)  | 282          | 256,620      |
| Tropicana Entertainment LLC, 9.63%, 12/15/14 (d)(e)                   | 220          |              |
| Wynn Las Vegas LLC, 5.38%, 3/15/22 (a)                                | 468          | 478,530      |
|   |              | 3,263,311    |
| <b>Household Durables 0.7%</b>  |              |              |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a)                            | 340          | 347,650      |
| Libbey Glass, Inc., 6.88%, 5/15/20 (a)                                | 90           | 95,962       |
| Standard Pacific Corp., 8.38%, 1/15/21                                | 1,120        | 1,248,800    |
|   |              | 1,692,412    |

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| <b>Independent Power Producers &amp; Energy Traders 3.5%</b>    |       |           |
|---|-------|-----------|
| The AES Corp.:  |       |           |
| 7.75%, 10/15/15   | 155   | 175,150   |
| 9.75%, 4/15/16  | 674   | 805,430   |
| 7.38%, 7/01/21  | 70    | 80,150    |
| Calpine Corp. (a):  |       |           |
| 7.25%, 10/15/17   | 350   | 374,500   |
| 7.50%, 2/15/21  | 190   | 210,900   |
| Energy Future Holdings Corp., 10.00%, 1/15/20                   | 775   | 854,438   |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20 | 4,160 | 4,669,600 |
| GenOn REMA LLC, 9.24%, 7/02/17                                  | 207   | 222,785   |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

|   | Par     |  | Value      |
|---|---------|--|------------|
|   | (000)   |  |            |
| <b>Corporate Bonds</b>  |         |  |            |
| <b>Independent Power Producers &amp; Energy Traders (concluded)</b> |         |  |            |
| Laredo Petroleum, Inc.:   |         |  |            |
| 9.50%, 2/15/19  | USD 495 |  | \$ 561,825 |
| 7.38%, 5/01/22  | 185     |  | 198,875    |
| QEP Resources, Inc., 5.38%, 10/01/22                                | 178     |  | 182,450    |
|   |         |  | 8,336,103  |
| <b>Industrial Conglomerates 1.5%</b>                                |         |  |            |
| Sequa Corp. (a):  |         |  |            |
| 11.75%, 12/01/15  | 1,430   |  | 1,501,500  |
| 13.50%, 12/01/15  | 1,930   |  | 2,045,776  |
|   |         |  | 3,547,276  |
| <b>Insurance 0.6%</b>   |         |  |            |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a)                       |         |  |            |
|   | 851     |  | 930,781    |
| Genworth Financial, Inc., 7.63%, 9/24/21                            |         |  |            |
|   | 370     |  | 378,066    |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)                   |         |  |            |
|   | 220     |  | 196,900    |
|   |         |  | 1,505,747  |
| <b>IT Services 1.1%</b>   |         |  |            |
| Ceridian Corp., 8.88%, 7/15/19 (a)                                  |         |  |            |
|   | 520     |  | 557,700    |
| First Data Corp.:   |         |  |            |
| 7.38%, 6/15/19 (a)  | 445     |  | 459,462    |
| 6.75%, 11/01/20 (a)   | 460     |  | 456,550    |
| 8.25%, 1/15/21 (a)  | 651     |  | 645,304    |
| 12.63%, 1/15/21   | 288     |  | 291,600    |
| SunGard Data Systems, Inc., 7.63%, 11/15/20                         |         |  |            |
|   | 315     |  | 337,838    |
|   |         |  | 2,748,454  |
| <b>Machinery 0.9%</b>   |         |  |            |
| UR Financing Escrow Corp. (a):                                      |         |  |            |
| 5.75%, 7/15/18  | 462     |  | 488,565    |
| 7.38%, 5/15/20  | 300     |  | 318,000    |
| 7.63%, 4/15/22  | 1,245   |  | 1,344,600  |
|   |         |  | 2,151,165  |
| <b>Media 6.6%</b>   |         |  |            |
| AMC Networks, Inc., 7.75%, 7/15/21                                  |         |  |            |
|   | 190     |  | 215,175    |
| Cengage Learning Acquisitions, Inc.,<br>11.50%, 4/15/20 (a)         |         |  |            |
|   | 500     |  | 526,250    |
| Checkout Holding Corp., 16.03%, 11/15/15 (a)(h)                     |         |  |            |
|   | 570     |  | 347,700    |
| Cinemark USA, Inc., 8.63%, 6/15/19                                  |         |  |            |
|   | 195     |  | 218,400    |
| Clear Channel Worldwide Holdings, Inc.:                             |         |  |            |
| Series A, 9.25%, 12/15/17   | 340     |  | 368,050    |
| Series B, 9.25%, 12/15/17   | 4,301   |  | 4,671,961  |
| Series B, 7.63%, 3/15/20  | 952     |  | 923,440    |
| DISH DBS Corp., 5.88%, 7/15/22 (a)                                  | 795     |  | 800,963    |
| Intelsat Jackson Holdings SA, 7.25%, 10/15/20 (a)                   | 1,450   |  | 1,562,375  |
| Interactive Data Corp., 10.25%, 8/01/18                             | 810     |  | 913,275    |
| Lamar Media Corp., 5.88%, 2/01/22                                   | 255     |  | 270,300    |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a)                 | 476     |  | 530,740    |
| Nielsen Finance LLC, 7.75%, 10/15/18                                | 640     |  | 720,000    |
| ProQuest LLC, 9.00%, 10/15/18 (a)                                   | 220     |  | 201,850    |

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|  |       |           |
|--|-------|-----------|
| Unitymedia Hessen GmbH & Co. KG:                 |       |           |
| 8.13%, 12/01/17 (a)                              | 1,500 | 1,623,750 |
| 7.50%, 3/15/19                                   | 540   | 584,291   |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 | 1,250 | 1,362,500 |

15,841,020

**Metals & Mining 1.4%**

|   |       |           |
|---|-------|-----------|
| FMG Resources August 2006 Property Ltd. (a):      |       |           |
| 6.88%, 2/01/18                                    | 340   | 323,850   |
| 6.88%, 4/01/22                                    | 155   | 142,600   |
| Global Brass and Copper, Inc., 9.50%, 6/01/19 (a) | 255   | 268,388   |
| Kaiser Aluminum Corp., 8.25%, 6/01/20 (a)         | 190   | 201,400   |
| New Gold, Inc., 7.00%, 4/15/20 (a)                | 65    | 68,413    |
| Novelis, Inc., 8.75%, 12/15/20                    | 1,895 | 2,117,662 |
| RathGibson, Inc., 11.25%, 2/15/14 (d)(e)          | 2,175 |           |

Par

**Corporate Bonds (000) Value**

**Metals & Mining (concluded)**

|  |         |            |
|--|---------|------------|
| Steel Dynamics, Inc., 6.38%, 8/15/22 (a) | USD 205 | \$ 212,175 |
|  |         | 3,334,488  |

**Multiline Retail 0.1%**

|                                      |     |         |
|--------------------------------------|-----|---------|
| Dollar General Corp., 4.13%, 7/15/17 | 127 | 132,080 |
|--------------------------------------|-----|---------|

**Oil, Gas & Consumable Fuels 6.7%**

|  |       |           |
|--|-------|-----------|
| Access Midstream Partners LP, 6.13%, 7/15/22   | 415   | 430,562   |
| Alpha Natural Resources, Inc.:                 |       |           |
| 6.00%, 6/01/19 USD                             | 245   | 220,500   |
| 6.25%, 6/01/21                                 | 180   | 161,100   |
| Berry Petroleum Co., 6.38%, 9/15/22            | 180   | 191,700   |
| Chaparral Energy, Inc., 7.63%, 11/15/22 (a)    | 115   | 121,613   |
| Chesapeake Energy Corp.:                       |       |           |
| 7.25%, 12/15/18                                | 25    | 26,188    |
| 6.63%, 8/15/20                                 | 265   | 272,287   |
| 6.88%, 11/15/20                                | 150   | 155,625   |
| 6.13%, 2/15/21                                 | 235   | 233,238   |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)  | 105   | 111,825   |
| Concho Resources, Inc., 5.50%, 10/01/22        | 210   | 216,825   |
| Consol Energy, Inc.:                           |       |           |
| 8.25%, 4/01/20                                 | 1,110 | 1,196,025 |
| 6.38%, 3/01/21                                 | 230   | 227,700   |
| Crosstex Energy LP:                            |       |           |
| 8.88%, 2/15/18                                 | 55    | 58,713    |
| 7.13%, 6/01/22 (a)                             | 195   | 194,025   |
| Denbury Resources, Inc., 8.25%, 2/15/20        | 26    | 29,510    |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19    | 665   | 706,562   |
| EP Energy LLC/EP Energy Finance, Inc.,         |       |           |
| 6.88%, 5/01/19 (a)                             | 235   | 252,037   |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a)        | 1,105 | 1,215,500 |
| Holly Energy Partners LP, 6.50%, 3/01/20 (a)   | 80    | 83,600    |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (a)    | 320   | 340,000   |
| Linn Energy LLC:                               |       |           |
| 6.25%, 11/01/19 (a)                            | 1,460 | 1,441,750 |
| 8.63%, 4/15/20                                 | 190   | 205,200   |
| 7.75%, 2/01/21                                 | 485   | 505,612   |
| MarkWest Energy Partners LP, 5.50%, 2/15/23    | 115   | 117,588   |
| Newfield Exploration Co.:                      |       |           |
| 5.75%, 1/30/22                                 | 135   | 147,825   |
| 5.63%, 7/01/24                                 | 630   | 683,550   |
| Northern Oil and Gas, Inc., 8.00%, 6/01/20 (a) | 265   | 270,300   |
| Oasis Petroleum, Inc.:                         |       |           |
| 7.25%, 2/01/19                                 | 135   | 142,425   |
| 6.50%, 11/01/21                                | 155   | 158,100   |
| Offshore Group Investments Ltd.:               |       |           |
| 11.50%, 8/01/15 (a)                            | 425   | 469,625   |
| 11.50%, 8/01/15                                | 440   | 486,200   |
| OGX Petroleo e Gas Participacoes SA (a):       |       |           |

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|   |     |         |
|---|-----|---------|
| 8.50%, 6/01/18  | 552 | 489,900 |
| 8.38%, 4/01/22  | 295 | 250,750 |
| Pioneer Natural Resources Co., 7.20%, 1/15/28         | 570 | 724,093 |
| Range Resources Corp.:                                |     |         |
| 5.75%, 6/01/21  | 645 | 686,119 |
| 5.00%, 8/15/22  | 298 | 310,292 |
| Sabine Pass Liquefied Natural Gas LP, 7.50%, 11/30/16 | 540 | 577,800 |
| Samson Investment Co., 9.75%, 2/15/20 (a)             | 40  | 41,200  |
| SandRidge Energy, Inc.:                               |     |         |
| 7.50%, 3/15/21  | 120 | 121,500 |
| 7.50%, 3/15/21 (a)                                    | 165 | 167,063 |
| 8.13%, 10/15/22 (a)                                   | 110 | 114,950 |
| 7.50%, 2/15/23 (a)                                    | 285 | 286,425 |
| SESI LLC:   |     |         |
| 6.38%, 5/01/19  | 280 | 296,800 |
| 7.13%, 12/15/21                                       | 275 | 305,937 |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments**  
(continued)**BlackRock Senior High Income Fund, Inc. (ARK)**

(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |              |
|---|--------------|--------------|
| <b>Corporate Bonds</b>  | <b>(000)</b> | <b>Value</b> |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>            |              |              |
| SM Energy Co.:  |              |              |
| 6.50%, 11/15/21   | USD 225      | \$ 235,125   |
| 6.50%, 1/01/23 (a)  | 105          | 109,463      |
| Targa Resources Partners LP, 6.88%, 2/01/21                   | 190          | 204,250      |
|   |              | 15,994,977   |
| <b>Paper &amp; Forest Products 0.3%</b>                       |              |              |
| Clearwater Paper Corp., 10.63%, 6/15/16                       |              |              |
|   | 365          | 407,888      |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a) |              |              |
|   | 145          | 150,075      |
| Sappi Papier Holding GmbH, 8.38%, 6/15/19 (a)                 |              |              |
|   | 200          | 210,500      |
|   |              | 768,463      |
| <b>Pharmaceuticals 0.3%</b>                                   |              |              |
| Valeant Pharmaceuticals International (a):                    |              |              |
| 6.50%, 7/15/16  | 380          | 400,900      |
| 7.25%, 7/15/22  | 350          | 361,375      |
|   |              | 762,275      |
| <b>Real Estate Investment Trusts (REITs) 0.4%</b>             |              |              |
| Felcor Lodging LP, 6.75%, 6/01/19                             |              |              |
|   | 820          | 879,450      |
| <b>Real Estate Management &amp; Development 0.8%</b>          |              |              |
| Realty Corp., 7.63%, 1/15/20 (a)                              |              |              |
|   | 1,130        | 1,231,700    |
| Shea Homes LP, 8.63%, 5/15/19                                 |              |              |
|   | 655          | 728,687      |
|   |              | 1,960,387    |
| <b>Road &amp; Rail 1.1%</b>                                   |              |              |
| Florida East Coast Railway Corp., 8.13%, 2/01/17              |              |              |
|   | 200          | 210,000      |
| The Hertz Corp.:  |              |              |
| 7.50%, 10/15/18   | 780          | 841,425      |
| 6.75%, 4/15/19  | 135          | 141,750      |
| 6.75%, 4/15/19 (a)  | 150          | 157,500      |
| 7.38%, 1/15/21  | 1,095        | 1,190,812    |
|   |              | 2,541,487    |
| <b>Software 0.8%</b>  |              |              |
| Infor US, Inc., 9.38%, 4/01/19 (a)                            |              |              |
|   | 1,295        | 1,401,837    |
| Nuance Communications, Inc., 5.38%, 8/15/20 (a)               |              |              |
|   | 605          | 618,613      |
|   |              | 2,020,450    |
| <b>Specialty Retail 0.5%</b>                                  |              |              |
| Claire's Stores, Inc., 9.00%, 3/15/19 (a)                     |              |              |
|   | 225          | 233,437      |
| Penske Automotive Group, Inc., 5.75%, 10/01/22 (a)            |              |              |
|   | 260          | 265,200      |
| QVC, Inc., 5.13%, 7/02/22 (a)                                 |              |              |
|   | 138          | 144,644      |
| Sally Holdings LLC:   |              |              |
| 6.88%, 11/15/19   | 350          | 391,125      |
| 5.75%, 6/01/22  | 160          | 172,200      |
|   |              | 1,206,606    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>              |              |              |
| Levi Strauss & Co., 6.88%, 5/01/22                            |              |              |
|   | 140          | 145,250      |
| PVH Corp., 7.75%, 11/15/23                                    |              |              |
|   | 215          | 250,840      |

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|   |              |                    |
|---|--------------|--------------------|
|   |              | 396,090            |
| <b>Trading Companies &amp; Distributors</b>                             | <b>0.4%</b>  |                    |
| Doric Nimrod Air Finance Alpha Ltd. (a):                                |              |                    |
| Series 2012-1, Class A, 5.13%, 11/30/24                                 | 440          | 446,600            |
| Series 2012-1, Class B, 6.50%, 5/30/21                                  | 495          | 500,851            |
|   |              | 947,451            |
| <b>Transportation Infrastructure</b>                                    | <b>0.1%</b>  |                    |
| Aguila 3 SA, 7.88%, 1/31/18 (a)   | 176          | 185,460            |
| <b>Wireless Telecommunication Services</b>                              | <b>3.6%</b>  |                    |
| Cricket Communications, Inc., 7.75%, 5/15/16                            | 1,770        | 1,867,350          |
| Digicel Group Ltd. (a):   |              |                    |
| 12.00%, 4/01/14   | 800          | 892,000            |
| 8.25%, 9/01/17  | 270          | 286,200            |
|   | <b>Par</b>   |                    |
| <b>Corporate Bonds</b>  | <b>(000)</b> | <b>Value</b>       |
| <b>Wireless Telecommunication Services (concluded)</b>                  |              |                    |
| Digicel Group Ltd. (a) (concluded):                                     |              |                    |
| MetroPCS Wireless, Inc., 6.63%, 11/15/20                                | USD 460      | \$ 476,100         |
| SBA Telecommunications, Inc., 5.75%, 7/15/20 (a)                        | 122          | 127,490            |
| Sprint Capital Corp., 6.88%, 11/15/28                                   | 1,940        | 1,755,700          |
| Sprint Nextel Corp. (a):  |              |                    |
| 9.00%, 11/15/18   | 1,150        | 1,357,000          |
| 7.00%, 3/01/20  | 1,605        | 1,757,475          |
|   |              | 8,519,315          |
| <b>Total Corporate Bonds</b>  | <b>57.0%</b> | <b>136,208,035</b> |
| <b>Floating Rate Loan Interests (b)</b>                                 |              |                    |
| <b>Aerospace &amp; Defense</b>  | <b>0.3%</b>  |                    |
| TransDigm, Inc.:  |              |                    |
| Add on Term Loan B2, 4.00%, 2/14/17                                     | 189          | 189,598            |
| Term Loan B, 4.00%, 2/14/17   | 599          | 601,166            |
|   |              | 790,764            |
| <b>Airlines</b>   | <b>0.4%</b>  |                    |
| Delta Air Lines, Inc., Term Loan B, 5.50%, 4/20/17                      | 1,004        | 1,010,996          |
| US Airways Group, Inc., Term Loan, 2.74%, 3/21/14                       | 55           | 53,144             |
|   |              | 1,064,140          |
| <b>Auto Components</b>  | <b>1.7%</b>  |                    |
| Autoparts Holdings Ltd.:  |              |                    |
| First Lien Term Loan, 6.50%, 7/28/17                                    | 859          | 841,342            |
| Second Lien Term Loan, 10.50%, 1/29/18                                  | 900          | 783,000            |
| Federal-Mogul Corp.:  |              |                    |
| Term Loan B, 2.17% - 2.18%, 12/29/14                                    | 791          | 754,390            |
| Term Loan C, 2.17% - 2.18%, 12/28/15                                    | 150          | 143,197            |
| The Goodyear Tire & Rubber Co., Term Loan (Second Lien), 4.75%, 4/30/19 | 1,110        | 1,105,838          |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                             | 395          | 396,153            |
|   |              | 4,023,920          |
| <b>Biotechnology</b>  | <b>0.2%</b>  |                    |
| Grifols, Inc., Term Loan B, 4.50%, 6/01/17                              | 568          | 569,450            |
| <b>Building Products</b>  | <b>1.3%</b>  |                    |
| Armstrong World Industries, Inc., Term Loan B, 4.00%, 3/09/18           | 588          | 586,183            |
| CPG International, Inc., Term Loan B, 6.00%, 2/18/17                    | 591          | 581,396            |
| Goodman Global, Inc.:   |              |                    |
| Initial Term Loan (First Lien), 5.75%, 10/28/16                         | 1,629        | 1,630,392          |
| Term Loan (Second Lien), 9.00%, 10/30/17                                | 382          | 386,831            |
|   |              | 3,184,802          |

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| <b>Capital Markets 1.2%</b>                                |       |           |
|--|-------|-----------|
| American Capital Holdings, Term Loan, 5.50%, 7/19/16       | 491   | 492,841   |
| HarbourVest Partners LLC, Term Loan B, 6.25%, 12/16/16     | 754   | 753,082   |
| Nuveen Investments, Inc.:                                  |       |           |
| Extended (First Lien), Term Loan, 5.95% 5.96%, 5/13/17     | 371   | 370,857   |
| Extended Term Loan, 5.92% 5.96%, 5/12/17                   | 1,004 | 1,007,198 |
| Incremental Term Loan, 7.25%, 5/13/17                      | 295   | 296,328   |
|  |       | 2,920,306 |
| <b>Chemicals 3.9%</b>                                      |       |           |
| American Rock Salt Holdings LLC, Term Loan, 5.50%, 4/25/17 | 1,180 | 1,145,841 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16           | 800   | 802,336   |
| Evergreen Acqco 1 LP, Term Loan B, 6.25%, 7/09/19          | 330   | 333,095   |
| General Chemical Corp., Term Loan, 5.00% 5.75%, 10/06/15   | 503   | 500,788   |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

|  | Par       | Value        |
|--|-----------|--------------|
|  | (000)     |              |
| <b>Floating Rate Loan Interests (b)</b>                            |           |              |
| <b>Chemicals (concluded)</b>                                       |           |              |
| INEOS US Finance LLC, 6 Year Term Loan, 6.50%, 5/04/18             | USD 2,483 | \$ 2,486,487 |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17                   | 864       | 840,845      |
| PolyOne Corp., Term Loan, 5.00%, 12/20/17                          | 348       | 349,295      |
| PQ Corp., Term Loan B, 3.98%, 7/30/14                              | 1,735     | 1,703,559    |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17                       | 318       | 296,107      |
| Tronox Pigments (Netherlands) BV:                                  |           |              |
| Delayed Draw Term Loan, 4.25%, 2/08/18                             | 106       | 105,816      |
| Term Loan B, 4.25%, 2/08/18  | 389       | 387,991      |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17                          | 428       | 424,823      |
|  |           | 9,376,983    |
| <b>Commercial Services &amp; Supplies 3.3%</b>                     |           |              |
| ACCO Brands Corp., Term Loan B, 4.25%, 4/30/19                     | 711       | 710,834      |
| Altegrity, Inc., Tranche D Term Loan, 7.75%, 2/20/15               | 1,259     | 1,251,754    |
| AWAS Finance Luxembourg 2012 SA, Term Loan, 5.75%, 7/16/18         | 160       | 160,000      |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16          | 562       | 561,992      |
| Delos Aircraft, Inc., Term Loan B2, 4.75%, 4/12/16 USD             | 1,075     | 1,085,750    |
| KAR Auction Services, Inc., Term Loan B, 5.00%, 5/19/17            | 1,236     | 1,235,797    |
| Protection One, Inc., Term Loan, 5.75%, 3/21/19                    | 509       | 513,812      |
| Synagro Technologies, Inc., Term Loan B, 2.24%, 4/02/14            | 489       | 433,859      |
| Volume Services America, Inc., Term Loan B, 10.50% 10.75%, 9/16/16 | 983       | 982,500      |
| West Corp., Term Loan B6, 5.75%, 6/29/18                           | 850       | 852,660      |
|  |           | 7,788,958    |
| <b>Communications Equipment 1.7%</b>                               |           |              |
| Avaya, Inc.:   |           |              |
| Extended Term Loan B3, 4.93%, 10/26/17                             | 79        | 70,661       |
| Term Loan B1, 3.18%, 10/24/14                                      | 1,047     | 1,004,823    |
| CommScope, Inc., Term Loan, 4.25%, 1/12/18                         | 825       | 824,687      |
| Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19                       | 2,165     | 2,196,804    |
|  |           | 4,096,975    |
| <b>Construction &amp; Engineering 0.9%</b>                         |           |              |
| BakerCorp. International, Inc., Term Loan B, 4.75%, 6/01/18        | 679       | 675,762      |
| Safway Services LLC, First Out Term Loan, 9.00%, 12/16/17          | 1,500     | 1,500,000    |
|  |           | 2,175,762    |
| <b>Construction Materials 1.1%</b>                                 |           |              |
| HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17                    | 2,460     | 2,513,308    |
| <b>Consumer Finance 0.3%</b>                                       |           |              |
| Springleaf Financial Funding Co., Term Loan, 5.50%, 5/10/17        | 865       | 835,374      |
| <b>Containers &amp; Packaging 0.2%</b>                             |           |              |
| Sealed Air Corp., Term Loan B, 4.75%, 10/03/18                     | 452       | 453,947      |
| <b>Diversified Consumer Services 2.1%</b>                          |           |              |

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|   |              |              |
|---|--------------|--------------|
| Coinmach Service Corp., Term Loan B, 3.33%, 11/20/14                              | 2,154        | 2,066,634    |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18                         | 573          | 504,630      |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 6/18/18                   | 987          | 962,334      |
| ServiceMaster Co.:  |              |              |
| Delayed Draw Term Loan, 2.74%, 7/24/14  | 83           | 82,529       |
| Term Loan, 2.75% - 2.97%, 7/24/14 USD   | 834          | 828,771      |
| Weight Watchers International, Inc., Term Loan F,<br>4.00%, 3/15/19               | 468          | 462,654      |
|   |              | 4,907,552    |
|   | <b>Par</b>   |              |
| <b>Floating Rate Loan Interests (b)</b>   | <b>(000)</b> | <b>Value</b> |
| <b>Diversified Financial Services 1.5%</b>  |              |              |
| Residential Capital LLC, DIP Term Loan A1,<br>5.00%, 11/18/13                     | USD 1,075    | \$ 1,077,687 |
| Reynolds Group Holdings, Inc.:  |              |              |
| Term Loan B, 6.50%, 2/09/18   | 449          | 451,922      |
| Term Loan C, 6.50%, 8/09/18   | 2,083        | 2,109,095    |
|   |              | 3,638,704    |
| <b>Diversified Telecommunication Services 3.6%</b>                                |              |              |
| Hawaiian Telcom Communications, Inc., Term Loan B, 7.00%, 2/28/17                 | 870          | 880,875      |
| Integra Telecom Holdings, Inc., Term Loan B,<br>9.25%, 4/15/15                    | 907          | 892,903      |
| Level 3 Financing, Inc.:  |              |              |
| 2016 Term Loan B, 4.75%, 2/01/16  | 730          | 731,460      |
| 2019 Term Loan B, 5.25%, 8/01/19  | 595          | 595,869      |
| Term Loan B2, 5.75%, 9/03/18  | 2,050        | 2,055,412    |
| Term Loan B3, 5.75%, 8/31/18  | 775          | 777,046      |
| Telesat LLC, Term Loan B, 4.25%, 3/28/19  | 1,385        | 1,381,759    |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                                 | 1,365        | 1,304,302    |
|   |              | 8,619,626    |
| <b>Electronic Equipment, Instruments &amp; Components 0.4%</b>                    |              |              |
| CDW LLC, Extended Term Loan, 4.00%, 7/14/17                                       | 431          | 425,419      |
| Sensata Technologies Finance Co. LLC, Term Loan, 4.00%, 5/11/18                   | 603          | 604,247      |
|   |              | 1,029,666    |
| <b>Energy Equipment &amp; Services 2.2%</b>                                       |              |              |
| Dynergy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16                | 859          | 891,213      |
| Dynergy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16                              | 1,572        | 1,646,026    |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18                                     | 1,548        | 1,550,049    |
| Tervita Corp., Term Loan B, 3.23%, 11/14/14                                       | 1,200        | 1,177,201    |
|   |              | 5,264,489    |
| <b>Food &amp; Staples Retailing 0.4%</b>  |              |              |
| Pilot Travel Centers LLC, Term Loan B2, 4.25%, 8/07/19                            | 455          | 456,138      |
| US Foods, Inc. (FKA U.S. Foodservice, Inc.), Extended Term Loan B, 5.75%, 3/31/17 | 547          | 528,400      |
|   |              | 984,538      |
| <b>Food Products 2.0%</b>   |              |              |
| Advance Pierre Foods, Term Loan (First Lien),<br>7.00%, 9/30/16                   | 2,272        | 2,282,078    |
| Del Monte Foods Co., Term Loan, 4.50%, 3/08/18                                    | 1,006        | 992,585      |
| Pinnacle Foods Finance LLC:   |              |              |
| Extended Term Loan B, 3.75%, 10/03/16   | 119          | 117,732      |
| Term Loan E, 4.75%, 10/17/18  | 731          | 727,943      |
| Solvest Ltd. (Dole):  |              |              |
| Term Loan B-2, 5.00% - 6.00%, 7/06/18   | 203          | 202,956      |
| Term Loan C-2, 5.00% - 6.00%, 7/06/18   | 363          | 363,185      |
|   |              | 4,686,479    |
| <b>Health Care Equipment &amp; Supplies 3.3%</b>                                  |              |              |

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|   |       |           |
|---|-------|-----------|
| Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19                  | 1,135 | 1,138,780 |
| Biomet, Inc., Term Loan B, 3.00% 3.47%, 3/25/15                   | 200   | 199,476   |
| BSN Medical Acquisition Holding GmbH, Term Loan B, 6.00%, 7/27/19 | 720   | 721,800   |
| DJO Finance LLC:  |       |           |
| Extended Term Loan B2, 5.23%, 11/01/16                            | 356   | 355,369   |
| Term Loan B3, 6.25%, 9/15/17                                      | 1,232 | 1,232,935 |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19                        | 1,895 | 1,906,503 |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                  | 673   | 675,837   |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                   | 365   | 359,222   |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                        | 973   | 976,297   |
| LHP Hospital Group, Inc., Term Loan, 9.00%, 7/03/18               | 400   | 403,000   |
|   |       | 7,969,219 |

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

|  | Par       | Value        |
|--|-----------|--------------|
|  | (000)     |              |
| <b>Floating Rate Loan Interests (b)</b>                            |           |              |
| <b>Health Care Providers &amp; Services 3.0%</b>                   |           |              |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                         | USD 1,068 | \$ 1,069,737 |
| DaVita, Inc.:  |           |              |
| Term Loan B, 4.50%, 10/20/16                                       | 1,084     | 1,086,209    |
| Term Loan B2, 9/02/19  | 590       | 587,144      |
| Emergency Medical Services Corp., Term Loan,<br>5.25%, 5/25/18     | 399       | 398,426      |
| Harden Healthcare LLC:   |           |              |
| Add on Term Loan A, 7.75%, 3/02/15                                 | 1,033     | 1,001,359    |
| Term Loan A, 8.50%, 3/02/15  | 294       | 288,005      |
| HCA, Inc., Extended Term Loan B3, 3.48%, 5/01/18                   | 550       | 541,321      |
| inVentiv Health, Inc.:   |           |              |
| Combined Term Loan, 6.50%, 8/04/16                                 | 95        | 88,366       |
| Incremental Term Loan B-3, 6.75%, 5/15/18                          | 619       | 576,761      |
| Medpace, Inc., Term Loan, 6.50% 7.25%, 6/16/17                     | 1,005     | 960,045      |
| Sheridan Holdings, Inc., First Lien Term Loan,<br>6.00%, 6/29/18   | 180       | 180,149      |
| US Renal Care, Inc., First Lien Term Loan,<br>6.25% 7.25%, 7/02/19 | 480       | 483,600      |
|  |           | 7,261,122    |
| <b>Health Care Technology 0.9%</b>                                 |           |              |
| IMS Health, Inc., Term Loan B, 4.50%, 8/25/17                      | 1,026     | 1,028,476    |
| Kinetic Concepts, Inc., Term Loan B, 7.00%, 5/04/18                | 697       | 702,302      |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16                        | 475       | 476,183      |
|  |           | 2,206,961    |
| <b>Hotels, Restaurants &amp; Leisure 3.8%</b>                      |           |              |
| Alpha D2 Ltd., Term Loan B, 5.75%, 4/28/17                         | 584       | 586,572      |
| Caesars Entertainment Operating Co., Inc.:                         |           |              |
| Extended Term Loan B6, 5.49%, 1/26/18                              | 175       | 153,835      |
| Incremental Term Loan B4, 9.50%, 10/31/16                          | 727       | 741,266      |
| Term Loan B1, 3.24%, 1/28/15                                       | 536       | 508,505      |
| Term Loan B3, 3.24% - 3.46%, 1/28/15                               | 2,935     | 2,782,898    |
| Drumm Investors LLC, Term Loan, 5.00%, 5/04/18                     | 141       | 134,748      |
| Dunkin' Brands, Inc., Term Loan B2, 4.00%, 11/23/17                | 1,615     | 1,597,801    |
| OSI Restaurant Partners LLC:                                       |           |              |
| Revolver, 2.49% - 4.50%, 6/14/13                                   | 8         | 8,018        |
| Term Loan B, 2.56%, 6/14/14  | 81        | 80,807       |
| Sabre, Inc., Non Extended Initial Term Loan,<br>2.23%, 9/30/14     | 197       | 195,180      |
| SeaWorld Parks & Entertainment, Inc., Term Loan B, 4.00%, 8/17/17  | 897       | 897,825      |
| Six Flags Theme Parks, Inc., Term Loan B,<br>4.25%, 12/20/18       | 420       | 420,983      |
| Wendy's International, Inc., Term Loan B,<br>4.75%, 5/15/19        | 1,010     | 1,014,505    |
|  |           | 9,122,943    |
| <b>Household Products 0.3%</b>                                     |           |              |
| Prestige Brands, Inc., Term Loan,<br>5.25% 6.25%, 1/31/19          | 702       | 707,333      |
| <b>Independent Power Producers &amp; Energy Traders 0.6%</b>       |           |              |
| The AES Corp., Term Loan, 4.25%, 6/01/18                           | 938       | 940,470      |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18                         | 405       | 405,559      |

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|   |              |              |
|---|--------------|--------------|
| GenOn Energy, Inc., Term Loan B, 6.00%, 12/01/17                                    | 160          | 161,147      |
|   |              | 1,507,176    |
| <b>Industrial Conglomerates 1.1%</b>  |              |              |
| Sequa Corp.:  |              |              |
| Incremental Term Loan, 6.25%, 12/03/14  | 303          | 304,234      |
| Term Loan, 3.69% - 3.72%, 12/03/14  | 1,225        | 1,216,446    |
| Tomkins Plc, Term Loan B, 4.25%, 9/29/16  | 1,023        | 1,026,061    |
|   |              | 2,546,741    |
| <b>Insurance 0.2%</b>   |              |              |
| Asurion LLC, Term Loan (First Lien), 5.50%, 5/24/18                                 | 564          | 565,488      |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>   |              |              |
| <b>Internet Software &amp; Services 0.3%</b>  |              |              |
| Web.com Group, Inc., Term Loan B, 7.00%, 10/27/17                                   | USD 600      | \$ 597,186   |
| <b>IT Services 3.9%</b>   |              |              |
| Ceridian Corp., Extended Term Loan, 5.99%, 5/09/17                                  | 833          | 833,075      |
| First Data Corp.:   |              |              |
| Extended 2018 Term Loan B, 4.24%, 3/23/18   | 3,949        | 3,728,115    |
| Non-Extended Term Loan B-1, 2.99%, 9/24/14  | 116          | 114,791      |
| Non-Extended Term Loan B-3, 2.99%, 9/24/14  | 81           | 79,864       |
| Genpact International, Inc., Term Loan B, 4.25%, 8/16/19                            | 520          | 520,000      |
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18  | 473          | 418,593      |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17   | 511          | 511,000      |
| Neustar, Inc., Term Loan B, 5.00%, 11/08/18   | 769          | 773,034      |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Term Loan B, 3.86% 4.06%, 2/26/16 | 287          | 286,827      |
| TransUnion LLC, Term Loan B, 5.50%, 2/12/18   | 1,940        | 1,952,609    |
|   |              | 9,217,908    |
| <b>Leisure Equipment &amp; Products 0.5%</b>  |              |              |
| Eastman Kodak Co., DIP Term Loan B, 8.50%, 7/19/13                                  | 726          | 719,712      |
| FGI Operating Company, LLC, Term Loan, 5.50% 6.50%, 4/19/19                         | 360          | 361,127      |
|   |              | 1,080,839    |
| <b>Machinery 1.5%</b>   |              |              |
| Intelligrated, Inc., First Lien Term Loan, 6.75%, 7/30/18                           | 400          | 396,000      |
| Navistar International Corp., Term Loan B, 7.00%, 8/17/17                           | 387          | 388,739      |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18  | 543          | 545,385      |
| Terex Corp., Term Loan B, 5.50%, 4/28/17  | 1,127        | 1,132,832    |
| Wabash National Corp., Term Loan B, 6.00%, 5/02/19                                  | 1,022        | 1,028,828    |
|   |              | 3,491,784    |
| <b>Media 10.3%</b>  |              |              |
| Acosta, Inc., Term Loan B, 5.75%, 3/01/18   | 305          | 306,117      |
| Affinion Group, Inc., Term Loan B, 5.00%, 7/15/15                                   | 264          | 224,360      |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18                                    | 715          | 714,501      |
| Capsugel Holdings US, Inc., Term Loan B, 4.75%, 8/01/18                             | 759          | 760,167      |
| Cengage Learning Acquisitions, Inc.:  |              |              |
| Non-Extended Term Loan, 2.49%, 7/03/14  | 193          | 177,340      |
| Tranche 1 Incremental, 7.50%, 7/03/14   | 663          | 639,392      |
| Charter Communications Operating LLC:   |              |              |
| Extended Term Loan C, 3.49%, 9/06/16  | 1,628        | 1,624,182    |
| Term Loan D, 4.00%, 5/15/19   | 634          | 633,445      |
| Cumulus Media, Inc., First Lien Term Loan, 5.75%, 9/17/18                           | 1,149        | 1,150,817    |
| EMI Music Publishing Ltd., Term Loan B, 5.50%, 6/29/18                              | 370          | 372,498      |
| Gray Television, Inc., Term Loan B, 3.75%, 12/31/14                                 | 866          | 861,562      |
| Houghton Mifflin Harcourt Publishing Co., DIP Term Loan B, 7.25%, 6/01/18           | 808          | 817,065      |
| Hubbard Broadcasting, Term Loan B, 5.25%, 4/28/17                                   | 526          | 526,764      |
| Intelsat Jackson Holdings SA, Tranche B Term Loan, 5.25%, 4/02/18                   | 5,346        | 5,363,174    |

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|  |       |           |
|--|-------|-----------|
| Interactive Data Corp., Term Loan B, 4.50%, 2/12/18                | 891   | 892,301   |
| Kabel Deutschland GmbH, Term Loan F, 4.25%, 2/01/19                | 1,200 | 1,197,828 |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13                 | 3,250 | 3,267,615 |
| Nielsen Finance LLC, Class C Term Loan,<br>3.49%, 5/02/16          | 223   | 222,449   |
| Sinclair Television Group, Inc., Term Loan B,<br>4.00%, 10/28/16   | 1,109 | 1,108,197 |
| Thomson Reuters (Healthcare), Inc., Term Loan B,<br>6.75%, 6/06/19 | 560   | 563,965   |
| Univision Communications, Inc., Extended Term Loan, 4.48%, 3/31/17 | 1,252 | 1,210,644 |
| UPC Financing Partnership:<br>Term Loan, 4.75%, 12/29/17           | 350   | 351,022   |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Senior High Income Fund, Inc. (ARK)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |  | <b>Value</b> |
|--|--------------|--|--------------|
|  | <b>(000)</b> |  |              |
| <b>Floating Rate Loan Interests (b)</b>                                |              |  |              |
| <b>Media (concluded)</b>   |              |  |              |
| UPC Financing Partnership (concluded) :                                |              |  |              |
| Term Loan T, 3.75%, 12/30/16   | USD 425      |  | \$ 420,970   |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18                            | 264          |  | 262,979      |
| Weather Channel, Term Loan B, 4.25%, 2/13/17                           | 629          |  | 631,361      |
| WideOpenWest Finance LLC, First Lien Term Loan, 6.25%, 7/17/18         | 345          |  | 344,786      |
|  |              |  | 24,645,501   |
| <b>Metals &amp; Mining 2.0%</b>  |              |  |              |
| Constellium Holding Co BV, Term Loan B, 9.25%, 5/25/18                 | 485          |  | 475,300      |
| Novelis, Inc.:   |              |  |              |
| Incremental Term Loan B2, 4.00%, 3/10/17                               | 890          |  | 884,079      |
| Term Loan, 4.00%, 3/10/17  | 1,100        |  | 1,093,571    |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18                      | 842          |  | 837,294      |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18                       | 1,555        |  | 1,529,237    |
|  |              |  | 4,819,481    |
| <b>Multiline Retail 0.3%</b>   |              |  |              |
| 99¢ Only Stores, Term Loan, 5.25%, 1/11/19                             | 791          |  | 795,468      |
| <b>Oil, Gas &amp; Consumable Fuels 1.5%</b>                            |              |  |              |
| Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17          | 1,245        |  | 1,247,677    |
| Everest Acquisition LLC, Term Loan B1, 5.00%, 4/24/18                  | 645          |  | 646,613      |
| Gibson Energy ULC, Term Loan B, 4.75%, 6/15/18                         | 697          |  | 699,867      |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15                 | 953          |  | 952,872      |
|  |              |  | 3,547,029    |
| <b>Paper &amp; Forest Products 0.3%</b>                                |              |  |              |
| Ainsworth Lumber Co. Ltd., Term Loan, 5.25%, 6/26/14                   | 330          |  | 319,275      |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                           | 350          |  | 353,283      |
|  |              |  | 672,558      |
| <b>Pharmaceuticals 2.3%</b>  |              |  |              |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                      | 936          |  | 932,241      |
| Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18 | 1,588        |  | 1,605,239    |
| Quintiles Transnational Corp., Term Loan B, 5.00%, 6/08/18             | 698          |  | 699,262      |
| RPI Finance Trust:   |              |  |              |
| Incremental Tranche 2, 4.00%, 11/09/18                                 | 170          |  | 169,753      |
| Term Loan Tranche 2, 4.00%, 5/09/18                                    | 443          |  | 443,703      |
| Valeant Pharmaceuticals International, Inc.:                           |              |  |              |
| Add-On Term Loan B, 4.75%, 2/13/19                                     | 728          |  | 729,864      |
| Series A Tranche B, 4.75%, 2/13/19                                     | 270          |  | 270,627      |
| Warner Chilcott Corp.:   |              |  |              |
| Incremental Term Loan B-1, 4.25%, 3/15/18                              | 146          |  | 145,259      |
| Term Loan B-1, 4.25%, 3/15/18  | 385          |  | 382,515      |
| Term Loan B-2, 4.25%, 3/15/18  | 192          |  | 191,257      |
|  |              |  | 5,569,720    |
| <b>Professional Services 0.9%</b>                                      |              |  |              |

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|   |              |              |
|---|--------------|--------------|
| Booz Allen Hamilton, Inc., Term Loan B, 4.50%, 7/31/19                  | 605          | 605,756      |
| Emdeon, Inc., Term Loan B1, 5.00%, 11/02/18                             | 1,318        | 1,318,135    |
| ON Assignment, Inc., Term Loan B, 5.00%, 5/15/19                        | 225          | 223,492      |
|   |              | 2,147,383    |
| <b>Real Estate Investment Trusts (REITs) 0.8%</b>                       |              |              |
| iStar Financial, Inc.:  |              |              |
| Term Loan A1, 5.00%, 6/28/13  | 1,932        | 1,933,396    |
| Term Loan A2, 7.00%, 6/30/14  | 80           | 80,075       |
|   |              | 2,013,471    |
| <b>Real Estate Management &amp; Development 1.4%</b>                    |              |              |
| Realogy Corp.:  |              |              |
| Extended Letter of Credit Loan, 4.50%, 10/10/16                         | 1,157        | 1,116,685    |
|   | <b>Par</b>   |              |
|   |              |              |
| <b>Floating Rate Loan Interests (b)</b>                                 | <b>(000)</b> | <b>Value</b> |
|   |              |              |
| <b>Real Estate Management &amp; Development (concluded)</b>             |              |              |
| Realogy Corp. (concluded):  |              |              |
| Extended Term Loan, 4.49%, 10/10/16                                     | USD 2,133    | \$ 2,058,978 |
| Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17              | 160          | 159,200      |
|   |              | 3,334,863    |
| <b>Road &amp; Rail 0.7%</b>   |              |              |
| Avis Budget Car Rental LLC, Incremental Term Loan, 6.25%, 9/21/18       | 324          | 325,880      |
| RailAmerica, Inc., Term Loan B, 4.00%, 3/01/19                          | 828          | 827,412      |
| Road Infrastructure Investment LLC, Term Loan B, 6.25%, 3/30/18         | 439          | 436,705      |
|   |              | 1,589,997    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.6%</b>                |              |              |
| Freescale Semiconductor, Inc., Extended Term Loan B, 4.50%, 12/01/16    | 852          | 817,800      |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 506          | 511,834      |
|   |              | 1,329,634    |
| <b>Software 1.9%</b>  |              |              |
| Blackboard, Inc., Term Loan B, 7.50%, 10/04/18                          | 323          | 317,920      |
| Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18 | 1,915        | 1,934,888    |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                                 | 648          | 653,724      |
| SS&C Technologies, Inc.:  |              |              |
| Term Loan B-1, 5.00%, 6/07/19   | 833          | 833,986      |
| Term Loan B-2, 5.00%, 6/07/19   | 86           | 86,274       |
| WaveDivision Holdings LLC, Term Loan B, 5.50%, 8/23/19                  | 660          | 662,462      |
|   |              | 4,489,254    |
| <b>Specialty Retail 4.0%</b>  |              |              |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                 | 995          | 998,482      |
| Bass Pro Group LLC, Term Loan, 5.25%, 6/13/17                           | 434          | 436,985      |
| Burlington Coat Factory Warehouse Corp., Term Loan B1, 5.50%, 2/23/17   | 357          | 357,294      |
| Claire's Stores, Inc., Term Loan B, 2.98% 3.20%, 5/29/14                | 602          | 590,281      |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18            | 1,155        | 1,153,371    |
| Harbor Freight Tools USA, Inc., Term Loan B, 5.50%, 11/14/17            | 425          | 424,401      |
| Jo-Ann Stores, Inc., Term Loan, 4.75%, 3/16/18                          | 387          | 386,440      |
| Michaels Stores, Inc.:  |              |              |
| Extended Term Loan B3, 5.00%, 7/29/16                                   | 239          | 240,261      |
| Term Loan B2, 5.00%, 7/29/16  | 959          | 963,487      |
| Party City Holdings, Inc., Term Loan B, 5.75%, 7/26/19                  | 800          | 803,664      |
| PETCO Animal Supplies, Inc., Term Loan, 4.50%, 11/24/17                 | 1,504        | 1,505,248    |
| Things Remembered, Inc., Term Loan B, 8.00%, 5/24/18                    | 580          | 568,400      |
| Toys 'R Us Delaware, Inc.:  |              |              |
| Incremental Term Loan B2, 5.25%, 5/25/18                                | 161          | 154,435      |

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|  |     |           |
|--|-----|-----------|
| Term Loan, 6.00%, 9/01/16  | 306 | 300,118   |
| Term Loan B3, 5.25%, 5/25/18                                     | 125 | 119,700   |
| The Yankee Candle Co., Inc., Term Loan B,<br>5.25%, 4/02/19      | 554 | 555,761   |
|  |     | 9,558,328 |
| <b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>                 |     |           |
| Ascend Performance Materials LLC, Term Loan B,<br>6.75%, 4/10/18 | 753 | 746,206   |
| Wolverine Worldwide, Inc., Term Loan B, 6.75%, 6/26/19           | 535 | 538,333   |
|  |     | 1,284,539 |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Senior High Income Fund, Inc.  
(ARK)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |  | <b>Value</b>       |
|--|--------------|--|--------------------|
| <b>Floating Rate Loan Interests (b)</b>  | <b>(000)</b> |  |                    |
| <b>Wireless Telecommunication Services 1.6%</b>  |              |  |                    |
| Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19  | USD 124      |  | \$ 123,510         |
| MetroPCS Wireless, Inc., Term Loan B-3, 4.00%, 3/16/18   | 566          |  | 563,503            |
| Vodafone Americas Finance 2, Inc., Term Loan, 6.88%, 8/11/15 (f)   | 3,046        |  | 3,167,528          |
|  |              |  | 3,854,541          |
| <b>Total Floating Rate Loan Interests 77.2%</b>  |              |  | <b>184,852,210</b> |
|  |              | <b>Beneficial<br/>Interest<br/>(000)</b> |                    |
| <b>Other Interests (i)</b>   |              |  |                    |
| <b>Auto Components 0.0%</b>  |              |  |                    |
| Intermet Liquidating Trust Class A (d)   | 320          |  |                    |
| <b>Diversified Financial Services 0.4%</b>   |              |  |                    |
| J.G.Wentworth LLC Preferred Equity Interests (d)   | (j)          |  | 1,162,154          |
| <b>Media 0.0%</b>  |              |  |                    |
| Adelphia Preferred Escrow (d)  | 3            |  |                    |
| Adelphia Recovery Trust Series ACC-6B INT (d)  | 250          |  | 1,250              |
|  |              |  | 1,250              |
| <b>Total Other Interests 0.4%</b>  |              |  | <b>1,163,404</b>   |
|  |              | <b>Shares</b>                            |                    |
| <b>Preferred Securities</b>  |              |  |                    |
| <b>Preferred Stocks 0.1%</b>   |              |  |                    |
| <b>Diversified Financial Services 0.1%</b>   |              |  |                    |
| Ally Financial, Inc., 7.00% (a)  | 290          |  | 264,072            |
|  |              |  |                    |
| <b>Trust Preferreds 0.2%</b>   |              |  |                    |
| <b>Diversified Financial Services 0.2%</b>   |              |  |                    |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (b)   | 22,630       |  | 559,251            |
| <b>Total Preferred Securities 0.3%</b>   |              |  | <b>823,323</b>     |
|  |              |  |                    |
| <b>Warrants (k)</b>  |              |  |                    |
| <b>Media 0.1%</b>  |              |  |                    |
| Charter Communications, Inc. (Issued/Exercisable 11/30/09, 1 Share for 1 Warrant,<br>Expires 11/30/14, Strike Price \$51.28) | 6,862        |  | 198,655            |
| <b>Software 0.0%</b>   |              |  |                    |
| HMH Holdings/EduMedia (Issued/Exercisable 3/09/10, 19 Shares for 1 Warrant,<br>Expires 6/22/19, Strike Price \$42.27)        | 982          |  |                    |
| <b>Total Warrants 0.1%</b>   |              |  | <b>198,655</b>     |
| <b>Total Long-Term Investments<br/>(Cost \$333,510,383) 138.5%</b>   |              |  | <b>331,645,459</b> |
|  |              |  |                    |
| <b>Short-Term Securities</b>   |              | <b>Shares</b>                            | <b>Value</b>       |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (l)(m)   |              | 1,682,598                                | \$ 1,682,598       |

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## Total Short-Term Securities

|  |                       |
|--|-----------------------|
| (Cost \$1,682,598) 0.7%                              | 1,682,598             |
| <b>Total Investments</b>                             |                       |
| (Cost \$335,192,981) 139.2%                          | 333,328,057           |
| <b>Liabilities in Excess of Other Assets (39.2)%</b> | (93,874,866)          |
| <b>Net Assets 100.0%</b>                             | <b>\$ 239,453,191</b> |

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty              | Value      | Unrealized<br>Appreciation |
|---------------------------|------------|----------------------------|
| Credit Suisse Group AG    | \$ 599,950 |                            |
| Goldman Sachs Group, Inc. | \$ 387,788 | \$ 4,788                   |

(d) Non-income producing security.

(e) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.

(f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

(g) Convertible security.

(h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(i) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(j) Amount is less than \$500.

(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 issuers considered to be an affiliate of the Fund during the six months ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

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| Affiliate  | Shares Held at February 29, 2012 | Net Activity | Shares Held at August 31, 2012 | Income |
|--|----------------------------------|--------------|--------------------------------|--------|
| BlackRock Liquidity Funds, TempFund, Institutional Class |                                  | 1,682,598    | 1,682,598                      | \$ 824 |

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

Foreign currency exchange contracts as of August 31, 2012 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Depreciation |
|--------------------|---------------|--------------|-----------------|-------------------------|
| USD 350,301        | CAD 356,000   | UBS AG       | 10/17/12        | \$ (10,520)             |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instrument. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted 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 Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

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 derivative financial instrument). Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2012:

|                              | Level 1      | Level 2        | Level 3       | Total          |
|------------------------------|--------------|----------------|---------------|----------------|
| <b>Assets:</b>               |              |                |               |                |
| Investments:                 |              |                |               |                |
| Long-Term Investments:       |              |                |               |                |
| Asset-Backed Securities      |              |                | \$ 6,050,820  | \$ 6,050,820   |
| Common                       |              |                |               |                |
| Stocks                       | \$ 1,200,257 | \$ 1,083,221   | 65,534        | 2,349,012      |
| Corporate Bonds              |              | 131,870,347    | 4,337,688     | 136,208,035    |
| Floating Rate Loan interests |              | 168,593,728    | 16,258,482    | 184,852,210    |
| Other Interests              | 1,250        |                | 1,162,154     | 1,163,404      |
| Preferred Securities         | 559,251      | 264,072        |               | 823,323        |
| Warrants                     | 198,655      |                |               | 198,655        |
| Short-Term Securities        | 1,682,598    |                |               | 1,682,598      |
| <b>Total</b>                 | \$ 3,642,011 | \$ 301,811,368 | \$ 27,874,678 | \$ 333,328,057 |

|   | Level 1 | Level 2 | Level 3     | Total       |
|---|---------|---------|-------------|-------------|
| Derivative Financial Instruments <sup>1</sup> |         |         |             |             |
| <b>Liabilities:</b>                           |         |         |             |             |
| Foreign currency exchange contracts           |         |         | \$ (10,520) | \$ (10,520) |

<sup>1</sup> Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation on the instrument. Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|                           | Level 1   | Level 2         | Level 3 | Total           |
|---------------------------|-----------|-----------------|---------|-----------------|
| <b>Assets:</b>            |           |                 |         |                 |
| Cash                      | \$ 45,726 |                 |         | \$ 45,726       |
| Foreign currency at value | 4,613     |                 |         | 4,613           |
| <b>Liabilities:</b>       |           |                 |         |                 |
| Loan payable              |           | \$ (90,000,000) |         | (90,000,000)    |
| <b>Total</b>              | \$ 50,339 | \$ (90,000,000) |         | \$ (89,949,661) |

There were no transfers between Level 1 and Level 2 during the six months ended August 31, 2012.

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The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the fair value of certain of the Fund's Level 3 investments as of August 31, 2012:

|                              | Value               | Valuation Techniques        | Unobservable Inputs <sup>2</sup> | Range of<br>Unobservable<br>Inputs | Weighted<br>Average of<br>Unobservable<br>Inputs <sup>3</sup> |
|------------------------------|---------------------|-----------------------------|----------------------------------|------------------------------------|---|
| <b>Assets:</b>               |                     |                             |                                  |                                    |   |
| Common Stocks                | \$ 65,534           | Market Comparable Companies | EBITDA Multiple                  | 5.0x                               | 5.0x  |
|                              |                     |                             | Illiquidity Discount             | 20%                                | 20%   |
|                              |                     |                             | Proforma Revenue Increase        | 37%                                | 37%   |
| Corporate Bonds              | 4,081,068           | Market Comparable Companies | EBITDA Multiple                  | 5.0x                               | 5.0x  |
|                              |                     |                             | Illiquidity Discount             | 20%                                | 20%   |
|                              |                     |                             | Proforma Revenue Increase        | 37%                                | 37%   |
| Floating Rate Loan Interests | 2,789,634           | Market Comparable Companies | Yield                            | 9.65%                              | 9.65%   |
|                              |                     | Cost                        | N/A <sup>4</sup>                 |                                    |   |
| <b>Total<sup>5</sup></b>     | <b>\$ 6,935,966</b> |                             |                                  |                                    |   |

<sup>2</sup> A change to the unobservable input may result in a significant change to the value of the investment as follows:

| Unobservable Input        | Impact to<br>Value if Input Increases | Impact to<br>Value if Input Decreases |
|---------------------------|---------------------------------------|---------------------------------------|
| EBITDA Multiple           | Increase                              | Decrease                              |
| Illiquidity Discount      | Decrease                              | Increase                              |
| Proforma Revenue Increase | Increase                              | Decrease                              |
| Yield                     | Decrease                              | Increase                              |

<sup>3</sup> Unobservable inputs are weighted based on the value of the investments included in the range.

<sup>4</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (concluded)****BlackRock Senior High Income Fund, Inc. (ARK)**

include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

- <sup>5</sup> Does not include Level 3 investments with values derived utilizing prices from recent prior transactions or third party pricing information without adjustment for which such inputs are unobservable. See above valuation input table for values of such Level 3 investments. A significant change in third party pricing information could result in a significantly lower or higher value in such Level 3 investments.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of period in relation to net assets. The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | <b>Asset-Backed<br/>Securities</b> | <b>Common<br/>Stocks</b> | <b>Corporate<br/>Bonds</b> | <b>Floating Rate<br/>Loan Interests</b> | <b>Other<br/>Interests</b> | <b>Total</b>         |
|---|------------------------------------|--------------------------|----------------------------|---|----------------------------|----------------------|
| <b>Assets:</b>  |                                    |                          |                            |   |                            |                      |
| Opening balance, as of February 29, 2012                        | \$ 3,022,303                       | \$ 355,574               | \$ 4,310,541               | \$ 12,348,294                           | \$ 989,983                 | \$ 21,026,695        |
| Transfers into Level 3 <sup>1</sup>                             |                                    |                          |                            | 3,211,500                               |                            | 3,211,500            |
| Transfers out of Level 3 <sup>2</sup>                           |                                    | (271,121)                |                            | (2,137,449)                             |                            | (2,408,570)          |
| Accrued discounts/premiums                                      | 24,160                             |                          | 90,639                     | 15,615                                  |                            | 130,414              |
| Net realized gain (loss)  | (37,006)                           | (749,636)                |                            | (542,731)                               |                            | (1,329,373)          |
| Net change in unrealized appreciation/depreciation <sup>3</sup> | 52,930                             | 730,727                  | (63,492)                   | 643,691                                 | 172,171                    | 1,536,027            |
| Purchases   | 4,266,328                          |                          |                            | 4,483,515                               |                            | 8,749,843            |
| Sales   | (1,277,895)                        | (10)                     |                            | (1,763,953)                             |                            | (3,041,858)          |
| <b>Closing Balance, as of August 31, 2012</b>                   | <b>\$ 6,050,820</b>                | <b>\$ 65,534</b>         | <b>\$ 4,337,688</b>        | <b>\$ 16,258,482</b>                    | <b>\$ 1,162,154</b>        | <b>\$ 27,874,678</b> |

<sup>1</sup> As of February 29, 2012, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$3,211,500 transferred from Level 2 to Level 3 in the disclosure hierarchy.

<sup>2</sup> As of February 29, 2012, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$2,408,570 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>3</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$279,972.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Statements of Assets and Liabilities**

| <b>August 31, 2012 (Unaudited)</b>                             | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund, Inc.<br/>(COY)</b> | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund III, Inc.<br/>(CYE)</b> | <b>BlackRock<br/>Debt<br/>Strategies<br/>Fund, Inc.<br/>(DSU)</b> | <b>BlackRock<br/>Floating Rate<br/>Income<br/>Strategies<br/>Fund II, Inc.<br/>(FRB)</b> | <b>BlackRock<br/>Senior High<br/>Income<br/>Fund, Inc.<br/>(ARK)</b> |
|--|--|--|---|--|--|
| <b>Assets</b>  |  |  |   |  |  |
| Investments at value unaffiliated                              | \$ 351,637,724   | \$ 392,159,838   | \$ 651,485,518  | \$ 211,542,876   | \$ 331,645,459   |
| Investments at value affiliated                                |  |  | 2,038,105   | 1,481,869  | 1,682,598  |
| Cash   | 1,506,487  | 1,293,481  | 102,956   | 3,216  | 45,726   |
| Cash pledged as collateral for financial futures contracts     | 432,000  | 533,000  |   |  |  |
| Foreign currency at value <sup>3</sup>                         | 260,020  | 229,653  | 290,567   | 35,669   | 4,613  |
| Interest receivable  | 5,466,353  | 5,936,415  | 7,118,896   | 1,405,980  | 3,471,376  |
| Investments sold receivable                                    | 834,514  | 949,059  | 608,206   | 1,479,036  | 116,571  |
| Unrealized appreciation on swaps                               | 817,408  | 878,971  |   |  |  |
| Swap premiums paid   | 241,702  | 257,845  |   | 111,598  |  |
| Swaps receivable   | 121,004  | 128,266  |   |  |  |
| Cash pledged as collateral for swaps                           |  | 100,000  |   |  |  |
| Unrealized appreciation on foreign currency exchange contracts | 26,257   | 39,584   | 5,454   |  |  |
| Dividends receivable   | 1,658  | 2,605  |   |  |  |
| Income receivable affiliated                                   | 192  | 52   |   |  |  |
| Prepaid expenses   | 6,732  | 5,387  | 59,165  | 3,050  | 21,952   |
| Other assets   |  |  | 250,171   |  |  |
| <b>Total assets</b>  | <b>361,352,051</b>   | <b>402,514,156</b>   | <b>661,959,038</b>  | <b>216,063,294</b>   | <b>336,988,295</b>   |
| <b>Liabilities</b>   |  |  |   |  |  |
| Loan payable   | 98,000,000   | 115,000,000  | 195,000,000   | 63,000,000   | 90,000,000   |
| Investments purchased payable                                  | 2,684,955  | 3,032,322  | 11,954,974  | 6,655,533  | 7,154,861  |
| Unrealized depreciation on foreign currency exchange contracts | 700,255  | 704,331  | 614,672   | 100,156  | 10,520   |
| Investment advisory fees payable                               | 148,557  | 198,429  | 324,299   | 129,451  | 137,229  |
| Swap premiums received   | 337,187  | 367,270  |   |  |  |
| Cash received as collateral for swaps                          | 600,000  | 400,000  |   |  |  |
| Interest expense payable                                       | 74,986   | 87,693   | 146,205   | 47,367   | 69,005   |
| Unrealized depreciation on swaps                               | 63,595   | 63,322   |   | 77,373   |  |
| Swaps payable  | 51,381   | 56,973   |   | 20,116   |  |
| Officers and Directors fees payable                            | 22   | 787  | 121,733   | 373  | 48   |
| Variation margin payable                                       | 43,200   | 46,800   |   |  |  |
| Income dividends payable                                       |  |  |   | 34,420   |  |
| Reorganization costs payable                                   |  |  |   | 211,906  |  |
| Other accrued expenses payable                                 | 156,694  | 129,676  | 361,343   | 108,892  | 163,441  |
| <b>Total liabilities</b>                                       | <b>102,860,832</b>   | <b>120,087,603</b>   | <b>208,523,226</b>  | <b>70,385,587</b>  | <b>97,535,104</b>  |
| <b>Net Assets</b>  | <b>\$ 258,491,219</b>  | <b>\$ 282,426,553</b>  | <b>\$ 453,435,812</b>   | <b>\$ 145,677,707</b>  | <b>\$ 239,453,191</b>  |
| <b>Net Assets Consist of</b>                                   |  |  |   |  |  |
| Paid-in capital <sup>4</sup>                                   | \$ 305,876,835   | \$ 325,806,245   | \$ 780,812,152  | \$ 199,606,403   | \$ 349,736,558   |
| Undistributed net investment income                            | 4,579,687  | 4,285,366  | 4,571,751   | 836,044  | 3,584,526  |
| Accumulated net realized loss                                  | (58,133,836)   | (55,506,353)   | (286,673,125)   | (54,983,006)   | (111,992,264)  |
| Net unrealized appreciation/depreciation                       | 6,168,533  | 7,841,295  | (45,274,966)  | 218,266  | (1,875,629)  |
| <b>Net Assets</b>  | <b>\$ 258,491,219</b>  | <b>\$ 282,426,553</b>  | <b>\$ 453,435,812</b>   | <b>\$ 145,677,707</b>  | <b>\$ 239,453,191</b>  |
| Net asset value per share                                      | \$ 7.40  | \$ 7.54  | \$ 4.19   | \$ 13.77   | \$ 4.22  |

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|  |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| <sup>1</sup> Investments at cost unaffiliated  | \$ 345,031,246 | \$ 383,906,031 | \$ 696,154,128 | \$ 211,147,732 | \$ 333,510,383 |
| <sup>2</sup> Investments at cost affiliated  |                |                | \$ 2,038,105   | \$ 1,481,869   | \$ 1,682,598   |
| <sup>3</sup> Foreign currency at cost  | \$ 257,736     | \$ 228,997     | \$ 289,801     | \$ 35,165      | \$ 4,798       |
| <sup>4</sup> Shares outstanding, 200 million shares authorized, par value \$0.10 per share | 34,929,683     | 37,479,992     | 108,217,078    | 10,577,054     | 56,753,905     |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Statements of Operations**

|  | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund, Inc.<br/>(COY)</b> | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund III, Inc.<br/>(CYE)</b> | <b>BlackRock<br/>Debt<br/>Strategies<br/>Fund, Inc.<br/>(DSU)</b> | <b>BlackRock<br/>Floating Rate<br/>Income<br/>Strategies<br/>Fund<br/>II, Inc.<br/>(FRB)</b> | <b>BlackRock<br/>Senior High<br/>Income<br/>Fund, Inc.<br/>(ARK)</b> |
|--|--|--|---|--|--|
| <b>Six Months Ended August 31, 2012 (Unaudited)</b>    |  |  |   |  |  |
| <b>Investment Income</b>                               |  |  |   |  |  |
| Interest   | \$ 12,226,709  | \$ 13,861,447  | \$ 21,109,820   | \$ 6,075,771   | \$ 10,640,855  |
| Dividends unaffiliated                                 | 313,326  | 356,651  | 6,754   |  | 10,226   |
| Dividends affiliated                                   | 1,117  | 444  | 2,031   | 445  | 824  |
| <b>Total income</b>                                    | <b>12,541,152</b>  | <b>14,218,542</b>  | <b>21,118,605</b>   | <b>6,076,216</b>   | <b>10,651,905</b>  |
| <b>Expenses</b>  |  |  |   |  |  |
| Investment advisory                                    | 851,047  | 1,147,064  | 1,842,968   | 728,021  | 786,760  |
| Professional   | 115,409  | 100,393  | 165,613   | 103,289  | 130,839  |
| Borrowing costs <sup>1</sup>                           | 62,285   | 68,007   | 110,465   | 35,734   | 58,015   |
| Reorganization   |  |  |   | 211,906  |  |
| Accounting services                                    | 40,951   | 43,970   | 52,284  | 19,820   | 32,640   |
| Transfer agent   | 30,394   | 27,174   | 49,194  | 9,329  | 43,297   |
| Custodian  | 16,721   | 42,476   | 22,853  | 48,628   | 14,420   |
| Printing   | 21,438   | 22,972   | 26,904  | 12,442   | 18,288   |
| Officer and Directors                                  | 11,690   | 11,782   | 27,846  | 6,658  | 11,433   |
| Registration   | 9,692  | 9,781  | 18,261  | 7,698  | 15,226   |
| Miscellaneous  | 41,014   | 36,473   | 22,831  | 8,296  | 15,239   |
| <b>Total expenses excluding interest expense</b>       | <b>1,200,641</b>   | <b>1,510,092</b>   | <b>2,339,219</b>  | <b>1,191,821</b>   | <b>1,126,157</b>   |
| Interest expense                                       | 404,883  | 492,495  | 781,283   | 230,719  | 365,892  |
| <b>Total expenses</b>                                  | <b>1,605,524</b>   | <b>2,002,587</b>   | <b>3,120,502</b>  | <b>1,422,540</b>   | <b>1,492,049</b>   |
| Less fees waived by Manager                            | (599)  | (219)  | (594)   | (229)  | (418)  |
| <b>Total expenses after fees waived</b>                | <b>1,604,925</b>   | <b>2,002,368</b>   | <b>3,119,908</b>  | <b>1,422,311</b>   | <b>1,491,631</b>   |
| <b>Net investment income</b>                           | <b>10,936,227</b>  | <b>12,216,174</b>  | <b>17,998,697</b>   | <b>4,653,905</b>   | <b>9,160,274</b>   |
| <b>Realized and Unrealized Gain (Loss)</b>             |  |  |   |  |  |
| Net realized gain (loss) from:                         |  |  |   |  |  |
| Investments  | 1,767,638  | 1,499,915  | (4,754,160)   | (239,457)  | 340,950  |
| Financial futures contracts                            | (42,138)   | (31,386)   |   |  |  |
| Foreign currency transactions                          | 915,515  | 857,140  | 674,153   | 81,522   | (4,502)  |
| Options written  | 220,356  | 228,248  |   |  |  |
| Swaps  | 288,725  | 278,324  | (397,040)   | (23,603)   | (299,946)  |
|  | <b>3,150,096</b>   | <b>2,832,241</b>   | <b>(4,477,047)</b>  | <b>(181,538)</b>   | <b>36,502</b>  |
| Net change in unrealized appreciation/depreciation on: |  |  |   |  |  |
| Investments  | 77,343   | 963,949  | 10,439,561 <sup>2</sup>   | 2,065,067  | 3,058,482  |
| Financial futures contracts                            | (264,271)  | (306,694)  |   |  |  |
| Foreign currency translations                          | 227,833  | 264,618  | 130,959   | 40,040   | 2,160  |
| Options written  | (61,310)   | (65,050)   |   |  |  |
| Swaps  | 388,724  | 445,690  |   | (77,373)   |  |
|  | <b>368,319</b>   | <b>1,302,513</b>   | <b>10,570,520</b>   | <b>2,027,734</b>   | <b>3,060,642</b>   |

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|   |                      |                      |                      |                     |                      |
|---|----------------------|----------------------|----------------------|---------------------|----------------------|
| Total realized and unrealized gain                          | 3,518,415            | 4,134,754            | 6,093,473            | 1,846,196           | 3,097,144            |
| <b>Net Increase in Net Assets Resulting from Operations</b> | <b>\$ 14,454,642</b> | <b>\$ 16,350,928</b> | <b>\$ 24,092,170</b> | <b>\$ 6,500,101</b> | <b>\$ 12,257,418</b> |

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

<sup>2</sup> Net of income tax of \$146,090.

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Statements of Changes in Net Assets**

|  | <b>BlackRock Corporate<br/>High Yield Fund, Inc. (COY)</b>      |   | <b>BlackRock Corporate<br/>High Yield Fund III, Inc. (CYE)</b>  |   |
|--|---|---|---|---|
|  | <b>Six Months Ended<br/>August 31,<br/>2012<br/>(Unaudited)</b> | <b>Year Ended<br/>February 29,<br/>2012</b> | <b>Six Months Ended<br/>August 31,<br/>2012<br/>(Unaudited)</b> | <b>Year Ended<br/>February 29,<br/>2012</b> |
| <b>Increase (Decrease) in Net Assets:</b>            |   |   |   |   |
| <b>Operations</b>                                    |   |   |   |   |
| Net investment income                                | \$ 10,936,227   | \$ 21,422,864                               | \$ 12,216,174   | \$ 23,646,017                               |
| Net realized gain                                    | 3,150,096   | 3,093,487                                   | 2,832,241   | 4,144,308                                   |
| Net change in unrealized appreciation/depreciation   | 368,319   | (7,679,396)                                 | 1,302,513   | (9,736,485)                                 |
| Net increase in net assets resulting from operations | 14,454,642  | 16,836,955                                  | 16,350,928  | 18,053,840                                  |
| <b>Dividends to Shareholders From</b>                |   |   |   |   |
| Net investment income                                | (10,675,371)  | (21,290,884)                                | (11,625,094)  | (23,502,064)                                |
| <b>Capital Share Transactions</b>                    |   |   |   |   |
| Reinvestment of dividends                            | 536,186   | 720,465                                     | 514,097   | 376,319                                     |
| <b>Net Assets</b>                                    |   |   |   |   |
| Total increase (decrease) in net assets              | 4,315,457   | (3,733,464)                                 | 5,239,931   | (5,071,905)                                 |
| Beginning of period                                  | 254,175,762   | 257,909,226                                 | 277,186,622   | 282,258,527                                 |
| End of period  | \$ 258,491,219  | \$ 254,175,762                              | \$ 282,426,553  | \$ 277,186,622                              |
| Undistributed net investment income                  | \$ 4,579,687  | \$ 4,318,831                                | \$ 4,285,366  | \$ 3,694,286                                |
| <b>Increase (Decrease) in Net Assets:</b>            |   |   |   |   |
| <b>Operations</b>                                    |   |   |   |   |
| Net investment income                                | \$ 17,998,697   | \$ 35,437,438                               | \$ 4,653,905  | \$ 9,426,886                                |
| Net realized loss                                    | (4,477,047)   | (7,630,186)                                 | (181,538)   | (1,448,947)                                 |
| Net change in unrealized appreciation/depreciation   | 10,570,520  | (9,094,003)                                 | 2,027,734   | (3,642,963)                                 |
| Net increase in net assets resulting from operations | 24,092,170  | 18,713,249                                  | 6,500,101   | 4,334,976                                   |
| <b>Dividends to Shareholders From</b>                |   |   |   |   |
| Net investment income                                | (17,508,136)  | (34,943,170)                                | (4,632,551)   | (9,323,747)                                 |
| <b>Capital Share Transactions</b>                    |   |   |   |   |
| Reinvestment of dividends                            | 1,027,543   | 806,965                                     | 37,206  | 210,036                                     |

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### Net Assets

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Total increase (decrease) in net assets | 7,611,577      | (15,422,956)   | 1,904,756      | (4,778,735)    |
| Beginning of period                     | 445,824,235    | 461,247,191    | 143,772,951    | 148,551,686    |
| End of period                           | \$ 453,435,812 | \$ 445,824,235 | \$ 145,677,707 | \$ 143,772,951 |
| Undistributed net investment income     | \$ 4,571,751   | \$ 4,081,190   | \$ 836,044     | \$ 814,690     |

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Statements of Changes in Net Assets**

|  | <b>BlackRock Senior High<br/>Income Fund, Inc. (ARK)</b> |   |
|--|--|---|
|  | <b>Six Months Ended</b>                                  |   |
|  | <b>August 31,<br/>2012</b>                               | <b>Year Ended<br/>February 29,<br/>2012</b> |
| <b>Increase (Decrease) in Net Assets:</b>            | <b>(Unaudited)</b>                                       |   |
| <b>Operations</b>                                    |  |   |
| Net investment income                                | \$ 9,160,274   | \$ 18,248,158                               |
| Net realized gain (loss)                             | 36,502   | (4,845,458)                                 |
| Net change in unrealized appreciation/depreciation   | 3,060,642  | 1,670,108                                   |
| Net increase in net assets resulting from operations | 12,257,418   | 15,072,808                                  |
| <b>Dividends to Shareholders From</b>                |  |   |
| Net investment income                                | (8,504,020)  | (18,750,192)                                |
| <b>Capital Share Transactions</b>                    |  |   |
| Reinvestment of dividends                            | 383,295  | 233,462                                     |
| <b>Net Assets</b>                                    |  |   |
| Total increase (decrease) in net assets              | 4,136,693  | (3,443,922)                                 |
| Beginning of period                                  | 235,316,498  | 238,760,420                                 |
| End of period  | \$ 239,453,191   | \$ 235,316,498                              |
| Undistributed net investment income                  | \$ 3,584,526   | \$ 2,928,272                                |

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Statements of Cash Flows**

|  | <b>BlackRock</b>  |                       | <b>BlackRock</b>     |                      |                    |
|--|-------------------|-----------------------|----------------------|----------------------|--------------------|
|  | <b>Corporate</b>  |                       | <b>Floating Rate</b> |                      |                    |
|  | <b>High Yield</b> | <b>BlackRock</b>      | <b>BlackRock</b>     | <b>Income</b>        | <b>BlackRock</b>   |
|  | <b>Fund, Inc.</b> | <b>Corporate</b>      | <b>Debt</b>          | <b>Strategies</b>    | <b>Senior</b>      |
|  |                   | <b>High Yield</b>     | <b>Strategies</b>    | <b>Fund II, Inc.</b> | <b>High Income</b> |
|  |                   | <b>Fund III, Inc.</b> | <b>Fund, Inc.</b>    |                      | <b>Fund, Inc.</b>  |
| <b>Six Months Ended August 31, 2012</b>  | <b>(COY)</b>      | <b>(CYE)</b>          | <b>(DSU)</b>         | <b>(FRB)</b>         | <b>(ARK)</b>       |
| <b>Cash Used for Operating Activities</b>  |                   |                       |                      |                      |                    |
| Net increase in net assets resulting from operations   | \$ 14,454,642     | \$ 16,350,928         | \$ 24,092,170        | \$ 6,500,101         | \$ 12,257,418      |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash used for operating activities: |                   |                       |                      |                      |                    |
| Increase in interest receivable  | (730,358)         | (386,972)             | (1,291,798)          | (216,294)            | (532,191)          |
| Increase in swaps receivable   | (19,910)          | (25,966)              |                      |                      |                    |
| (Increase) decrease in income receivable affiliated  | (192)             | (41)                  | 56,752               |                      | 188                |
| Decrease in dividends receivable unaffiliated  | 8,079             | 18,294                |                      |                      |                    |
| Decrease in cash pledged as collateral for financial futures contracts   | 130,000           | 43,000                |                      |                      |                    |
| Decrease in cash pledged as collateral in connection with swaps  | 500,000           |                       |                      |                      |                    |
| Decrease in other assets   | 48,396            | 6,507                 | 261,913              |                      |                    |
| Decrease in variation margin receivable  | 40,950            | 42,000                |                      |                      |                    |
| Increase in investment advisory fees payable   | 24,948            | 29,941                | 60,845               | 21,215               | 20,971             |
| Increase in cash received as collateral for swaps  | 600,000           | 400,000               |                      |                      |                    |
| Increase (decrease) in interest expense payable  | 16,554            | (38,403)              | (59,958)             | (18,928)             | (31,246)           |
| Increase (decrease) in other accrued expenses payable  | (88,956)          | (47,749)              | 34,937               | (17,727)             | 30,558             |
| Increase (decrease) in prepaid expenses  | 19,615            | 19,407                | (35,822)             | 13,879               | 7,052              |
| Decrease in deferred income  |                   | (79,400)              | (123,185)            | (4,161)              | (65,666)           |
| Increase in variation margin payable   | 43,200            | 46,800                |                      |                      |                    |
| Increase in swaps payable  | 40,830            | 45,423                |                      | 20,116               |                    |
| Increase in reorganization costs payable   |                   |                       |                      | 211,906              |                    |
| Increase (decrease) in Officers and Directors fees payable   | (684)             | (1,888)               | 9,242                | 92                   | (150)              |
| Net periodic and termination payment of swaps  | 423,387           | 468,869               | (382,012)            | (119,901)            | (288,732)          |
| Net realized and unrealized loss on investments  | (2,585,832)       | (3,246,225)           | (5,415,870)          | (1,764,674)          | (3,101,646)        |
| Amortization of premium and accretion of discount on investments and swaps   | (86,982)          | (161,621)             | (1,335,321)          | (492,893)            | (403,624)          |
| Premiums received from options written   | 232,496           | 239,254               |                      |                      |                    |
| Premiums paid on closing options written   | (89,037)          | (92,087)              |                      |                      |                    |
| Proceeds from sales of long-term investments   | 113,318,568       | 134,267,991           | 203,600,279          | 56,729,490           | 103,488,452        |
| Purchases of long-term investments   | (147,916,930)     | (164,312,531)         | (260,007,490)        | (79,374,510)         | (127,585,887)      |
| Net proceeds from sales of short-term securities   | 2,264,805         |                       | 7,271,735            | 900,877              | 3,438,425          |
| Cash used for operating activities   | (19,352,411)      | (16,414,469)          | (33,263,583)         | (17,611,412)         | (12,766,078)       |
| <b>Cash Provided by Financing Activities</b>   |                   |                       |                      |                      |                    |
| Cash receipts from borrowings  | 80,000,000        | 73,000,000            | 126,000,000          | 48,000,000           | 67,000,000         |
| Cash payments on borrowings  | (49,000,000)      | (44,000,000)          | (76,000,000)         | (26,000,000)         | (46,000,000)       |
| Cash dividends paid to shareholders  | (10,139,185)      | (11,110,997)          | (16,480,593)         | (4,598,832)          | (8,198,982)        |
| Decrease in bank overdraft   |                   | (193,858)             |                      |                      |                    |
| Cash provided by financing activities  | 20,860,815        | 17,695,145            | 33,519,407           | 17,401,168           | 12,801,018         |
| <b>Cash Impact from Foreign Exchange Fluctuations</b>  |                   |                       |                      |                      |                    |
| Cash impact from foreign exchange fluctuations   | (600)             | (1,384)               | (75)                 | (2,231)              | (229)              |

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### Cash and Foreign Currency

|  |              |              |            |           |           |
|--|--------------|--------------|------------|-----------|-----------|
| Net increase (decrease) in cash and foreign currency | 1,507,804    | 1,279,292    | 255,749    | (212,475) | 34,711    |
| Cash and foreign currency at beginning of period     | 258,703      | 243,842      | 137,774    | 251,360   | 15,628    |
| Cash and foreign currency at end of period           | \$ 1,766,507 | \$ 1,523,134 | \$ 393,523 | \$ 38,885 | \$ 50,339 |

### Cash Flow Information

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Cash paid during the period for interest | \$ 388,329 | \$ 530,898 | \$ 841,241 | \$ 249,647 | \$ 397,138 |
|--|------------|------------|------------|------------|------------|

### Non-cash Financing Activities

|  |            |            |              |           |            |
|--|------------|------------|--------------|-----------|------------|
| Capital shares issued in reinvestment of dividends | \$ 536,186 | \$ 514,097 | \$ 1,027,543 | \$ 37,206 | \$ 383,295 |
|--|------------|------------|--------------|-----------|------------|

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

See Notes to Consolidated Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Corporate High Yield Fund, Inc. (COY)**

|   | Six Months Ended<br>August 31,<br>2012 | Year<br>Ended<br>February 29,<br>2012 <sup>1</sup> | Year Ended February 28,<br>2011 | Year Ended February 28,<br>2010 | Period<br>June 1, 2008<br>to February 28,<br>2009 | Year Ended May 31,<br>2008 | Year Ended May 31,<br>2007 |
|---|--|--|---------------------------------|---------------------------------|---|----------------------------|----------------------------|
|   | (Unaudited) <sup>1</sup>               |  |                                 |                                 |   |                            |                            |
| <b>Per Share Operating Performance</b>  |  |  |                                 |                                 |   |                            |                            |
| Net asset value, beginning of period  | \$ 7.29                                | \$ 7.42  | \$ 6.64                         | \$ 4.19                         | \$ 7.74   | \$ 9.07                    | \$ 8.52                    |
| Net investment income <sup>2</sup>  | 0.31                                   | 0.62   | 0.65                            | 0.65                            | 0.50  | 0.75                       | 0.73                       |
| Net realized and unrealized gain (loss)   | 0.11                                   | (0.14)   | 0.74                            | 2.53                            | (3.50)  | (1.32)                     | 0.49                       |
| Net increase (decrease) from investment operations                                  | 0.42                                   | 0.48   | 1.39                            | 3.18                            | (3.00)  | (0.57)                     | 1.22                       |
| Dividends from net investment income  | (0.31)                                 | (0.61)   | (0.61)                          | (0.73)                          | (0.55)  | (0.76)                     | (0.67)                     |
| Net asset value, end of period  | \$ 7.40                                | \$ 7.29  | \$ 7.42                         | \$ 6.64                         | \$ 4.19   | \$ 7.74                    | \$ 9.07                    |
| Market price, end of period   | \$ 7.89                                | \$ 7.76  | \$ 7.03                         | \$ 6.88                         | \$ 3.91   | \$ 7.28                    | \$ 8.47                    |
| <b>Total Investment Return<sup>3</sup></b>  |  |  |                                 |                                 |   |                            |                            |
| Based on net asset value  | 5.85% <sup>4</sup>                     | 7.15%  | 22.11%                          | 79.91%                          | (38.98)% <sup>4</sup>                             | (5.49)%                    | 15.60%                     |
| Based on market price   | 6.02% <sup>4</sup>                     | 20.39%   | 11.66%                          | 99.76%                          | (39.46)% <sup>4</sup>                             | (4.81)%                    | 23.96%                     |
| <b>Ratios to Average Net Assets</b>   |  |  |                                 |                                 |   |                            |                            |
| Total expenses  | 1.26% <sup>5</sup>                     | 1.15%  | 1.18%                           | 1.18%                           | 2.29% <sup>5</sup>                                | 2.33%                      | 3.25%                      |
| Total expenses after fees waived and paid indirectly                                | 1.26% <sup>5</sup>                     | 1.15%  | 1.18%                           | 1.18% <sup>5</sup>              | 2.29% <sup>5</sup>                                | 2.33%                      | 3.25%                      |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.94% <sup>5,6</sup>                   | 0.90%  | 0.89%                           | 0.92%                           | 1.17% <sup>5</sup>                                | 0.83%                      | 0.91%                      |
| Net investment income   | 8.61% <sup>5</sup>                     | 8.67%  | 9.28%                           | 11.36%                          | 11.45% <sup>5</sup>                               | 9.15%                      | 8.36%                      |
| <b>Supplemental Data</b>  |  |  |                                 |                                 |   |                            |                            |
| Net assets applicable, end of period (000)  | \$ 258,491                             | \$ 254,176   | \$ 257,909                      | \$ 230,593                      | \$ 144,800  | \$ 267,698                 | \$ 313,821                 |
| Borrowings outstanding, end of period (000)   | \$ 98,000                              | \$ 67,000  | \$ 63,000                       | \$ 72,000                       | \$ 38,700   | \$ 64,700                  | \$ 126,200                 |
| Average borrowings outstanding, during the period (000)                             | \$ 85,924                              | \$ 63,281  | \$ 55,304                       | \$ 42,184                       | \$ 59,553   | \$ 81,598                  | \$ 125,974                 |
| Portfolio turnover  | 32%                                    | 71%  | 83%                             | 85%                             | 37%   | 38%                        | 62%                        |
| Asset coverage, end of period (000)   | \$ 3,638                               | \$ 4,794   | \$ 5,094                        | \$ 4,203                        | \$ 4,742  | \$ 5,138                   | \$ 3,487                   |

<sup>1</sup> Consolidated Financial Highlights.<sup>2</sup> Based on average shares outstanding.

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<sup>3</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>4</sup> Aggregate total investment return.

<sup>5</sup> Annualized.

<sup>6</sup> For the period ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 0.90%.

See Notes to Consolidated Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

|   | Six Months Ended<br>August 31,<br>2012 | Year<br>Ended<br>February 29,<br>2012 <sup>1</sup> | Year Ended February 28, |            | Period<br>June 1, 2008<br>to February 28, | Year Ended May 31, |            |
|---|--|--|-------------------------|------------|---|--------------------|------------|
|   | (Unaudited) <sup>1</sup>               | 2012 <sup>1</sup>                                  | 2011                    | 2010       | 2009                                      | 2008               | 2007       |
| <b>Per Share Operating Performance</b>  |  |  |                         |            |   |                    |            |
| Net asset value, beginning of period  | \$ 7.41                                | \$ 7.56  | \$ 6.69                 | \$ 4.05    | \$ 7.62                                   | \$ 8.99            | \$ 8.46    |
| Net investment income <sup>2</sup>  | 0.33                                   | 0.63   | 0.65                    | 0.64       | 0.50                                      | 0.73               | 0.71       |
| Net realized and unrealized gain (loss)   | 0.11                                   | (0.15)   | 0.83                    | 2.68       | (3.51)                                    | (1.33)             | 0.49       |
| Net increase (decrease) from investment operations                                  | 0.44                                   | 0.48   | 1.48                    | 3.32       | (3.01)                                    | (0.60)             | 1.20       |
| Dividends from net investment income  | (0.31)                                 | (0.63)   | (0.61)                  | (0.68)     | (0.56)                                    | (0.77)             | (0.67)     |
| Net asset value, end of period  | \$ 7.54                                | \$ 7.41  | \$ 7.56                 | \$ 6.69    | \$ 4.05                                   | \$ 7.62            | \$ 8.99    |
| Market price, end of period   | \$ 8.11                                | \$ 7.75  | \$ 7.14                 | \$ 6.67    | \$ 3.57                                   | \$ 7.03            | \$ 8.53    |
| <b>Total Investment Return<sup>3</sup></b>  |  |  |                         |            |   |                    |            |
| Based on net asset value  | 6.10% <sup>4</sup>                     | 7.11%  | 23.50%                  | 86.65%     | (39.69)% <sup>4</sup>                     | (5.69)%            | 15.51%     |
| Based on market price   | 9.12% <sup>4</sup>                     | 18.62%   | 16.99%                  | 111.12%    | (42.38)% <sup>4</sup>                     | (8.30)%            | 25.98%     |
| <b>Ratios to Average Net Assets</b>   |  |  |                         |            |   |                    |            |
| Total expenses  | 1.44% <sup>5</sup>                     | 1.38%  | 1.37%                   | 1.34%      | 2.45% <sup>5</sup>                        | 2.47%              | 3.38%      |
| Total expenses after fees waived and paid indirectly                                | 1.44% <sup>5</sup>                     | 1.38%  | 1.37%                   | 1.33%      | 2.45% <sup>5</sup>                        | 2.47%              | 3.38%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.09% <sup>5,6</sup>                   | 1.08%  | 1.03%                   | 1.04%      | 1.29% <sup>5</sup>                        | 0.96%              | 1.04%      |
| Net investment income   | 8.81% <sup>5</sup>                     | 8.76%  | 9.15%                   | 11.35%     | 11.80% <sup>5</sup>                       | 9.01%              | 8.25%      |
| <b>Supplemental Data</b>  |  |  |                         |            |   |                    |            |
| Net assets, end of period (000)   | \$ 282,427                             | \$ 277,187   | \$ 282,259              | \$ 249,721 | \$ 151,261                                | \$ 284,361         | \$ 335,479 |
| Borrowings outstanding, end of period (000)   | \$ 115,000                             | \$ 86,000  | \$ 91,000               | \$ 76,000  | \$ 44,200                                 | \$ 71,700          | \$ 129,700 |
| Average borrowings outstanding, during the period (000)                             | \$ 104,775                             | \$ 83,997  | \$ 69,937               | \$ 49,196  | \$ 65,500                                 | \$ 88,466          | \$ 134,704 |
| Portfolio turnover  | 33%                                    | 70%  | 89%                     | 89%        | 37%                                       | 38%                | 62%        |
| Asset coverage, end of period (000)   | \$ 3,456                               | \$ 4,223   | \$ 4,102                | \$ 4,286   | \$ 4,422                                  | \$ 4,966           | \$ 3,587   |

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<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

<sup>3</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>4</sup> Aggregate total investment return.

<sup>5</sup> Annualized.

<sup>6</sup> For the period ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 1.04%.

See Notes to Consolidated Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Debt Strategies Fund, Inc. (DSU)**

|   | Six Months Ended                |                            | Year Ended February 28, |            |            |              | Year Ended |
|---|---------------------------------|----------------------------|-------------------------|------------|------------|--------------|------------|
|   | August 31,<br>2012 <sup>1</sup> | Year Ended<br>February 29, | February 28,            |            |            | February 29, |            |
|   | (Unaudited)                     | 2012 <sup>1</sup>          | 2011                    | 2010       | 2009       | 2008         |            |
| <b>Per Share Operating Performance</b>                          |                                 |                            |                         |            |            |              |            |
| Net asset value, beginning of period                            | \$ 4.13                         | \$ 4.28                    | \$ 3.89                 | \$ 2.35    | \$ 5.57    | \$ 7.01      |            |
| Net investment income <sup>2</sup>                              | 0.17                            | 0.33                       | 0.33                    | 0.39       | 0.52       | 0.66         |            |
| Net realized and unrealized gain (loss)                         | 0.05                            | (0.16)                     | 0.40                    | 1.55       | (3.12)     | (1.43)       |            |
| Net increase (decrease) from investment operations              | 0.22                            | 0.17                       | 0.73                    | 1.94       | (2.60)     | (0.77)       |            |
| Dividends and distributions from:                               |                                 |                            |                         |            |            |              |            |
| Net investment income   | (0.16)                          | (0.32)                     | (0.33)                  | (0.39)     | (0.62)     | (0.67)       |            |
| Tax return of capital   |                                 |                            | (0.01)                  | (0.01)     |            |              |            |
| Total dividends and distributions                               | (0.16)                          | (0.32)                     | (0.34)                  | (0.40)     | (0.62)     | (0.67)       |            |
| Net asset value, end of period                                  | \$ 4.19                         | \$ 4.13                    | \$ 4.28                 | \$ 3.89    | \$ 2.35    | \$ 5.57      |            |
| Market price, end of period                                     | \$ 4.37                         | \$ 4.13                    | \$ 4.05                 | \$ 3.91    | \$ 2.07    | \$ 5.43      |            |
| <b>Total Investment Return<sup>3</sup></b>                      |                                 |                            |                         |            |            |              |            |
| Based on net asset value  | 5.51% <sup>4</sup>              | 4.53%                      | 19.92%                  | 87.82%     | (50.19)%   | (11.72)%     |            |
| Based on market price   | 10.04% <sup>4</sup>             | 10.47%                     | 12.90%                  | 114.32%    | (54.99)%   | (17.13)%     |            |
| <b>Ratios to Average Net Assets</b>                             |                                 |                            |                         |            |            |              |            |
| Total expenses  | 1.39% <sup>5</sup>              | 1.37%                      | 1.27%                   | 1.23%      | 2.42%      | 3.13%        |            |
| Total expenses after fees waived                                | 1.39% <sup>5</sup>              | 1.37%                      | 1.27%                   | 1.23%      | 2.42%      | 3.13%        |            |
| Total expenses after fees waived and excluding interest expense | 1.04% <sup>5,6</sup>            | 1.06%                      | 1.02%                   | 1.02%      | 1.20%      | 0.99%        |            |
| Net investment income   | 8.04% <sup>5</sup>              | 8.06%                      | 8.22%                   | 12.16%     | 11.79%     | 9.90%        |            |
| <b>Supplemental Data</b>  |                                 |                            |                         |            |            |              |            |
| Net assets, end of period (000)                                 | \$ 453,436                      | \$ 445,824                 | \$ 461,247              | \$ 419,222 | \$ 252,080 | \$ 594,204   |            |
| Borrowings outstanding, end of period (000)                     | \$ 195,000                      | \$ 145,000                 | \$ 117,000              | \$ 67,000  | \$ 90,000  | \$ 199,000   |            |
| Average borrowings outstanding, during the period (000)         | \$ 165,842                      | \$ 142,596                 | \$ 89,362               | \$ 58,574  | \$ 163,286 | \$ 272,846   |            |
| Portfolio turnover  | 31%                             | 59%                        | 81%                     | 86%        | 44%        | 51%          |            |
| Asset coverage, end of period (000)                             | \$ 3,325                        | \$ 4,075                   | \$ 4,942                | \$ 7,257   | \$ 3,801   | \$ 3,986     |            |

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<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

<sup>3</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 sales charges and include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Annualized.

<sup>6</sup> For the period ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 1.00%.

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**Table of Contents****Financial Highlights****BlackRock Floating Rate Income Strategies Fund II, Inc.  
(FRB)**

|   | Six Months Ended<br>August 31, | Year Ended<br>February 29, | Year Ended February 28, |            |           | Year Ended<br>February 29, |
|---|--------------------------------|----------------------------|-------------------------|------------|-----------|----------------------------|
|   | 2012 <sup>1</sup>              | 2012 <sup>1</sup>          | 2011                    | 2010       | 2009      | 2008                       |
| <b>Per Share Operating Performance</b>  |                                |                            |                         |            |           |                            |
| Net asset value, beginning of period  | \$ 13.60                       | \$ 14.07                   | \$ 13.16                | \$ 8.92    | \$ 16.06  | \$ 19.28                   |
| Net investment income <sup>2</sup>  | 0.43                           | 0.89                       | 0.87                    | 0.86       | 1.37      | 1.55                       |
| Net realized and unrealized gain (loss)   | 0.18                           | (0.48)                     | 0.94                    | 4.44       | (6.98)    | (3.27)                     |
| Net increase (decrease) from investment operations                                  | 0.61                           | 0.41                       | 1.81                    | 5.30       | (5.61)    | (1.72)                     |
| Dividends and distributions from:   |                                |                            |                         |            |           |                            |
| Net investment income   | (0.44)                         | (0.88)                     | (0.83)                  | (0.98)     | (1.53)    | (1.50)                     |
| Tax return of capital   |                                |                            | (0.07)                  | (0.08)     |           |                            |
| Total dividends and distributions   | (0.44)                         | (0.88)                     | (0.90)                  | (1.06)     | (1.53)    | (1.50)                     |
| Net asset value, end of period  | \$ 13.77                       | \$ 13.60                   | \$ 14.07                | \$ 13.16   | \$ 8.92   | \$ 16.06                   |
| Market price, end of period   | \$ 13.62                       | \$ 13.21                   | \$ 14.22                | \$ 15.01   | \$ 8.28   | \$ 14.75                   |
| <b>Total Investment Return<sup>3</sup></b>  |                                |                            |                         |            |           |                            |
| Based on net asset value  | 4.59% <sup>4</sup>             | 3.41%                      | 14.20%                  | 62.08%     | (36.46)%  | (8.98)%                    |
| Based on market price   | 6.50% <sup>4</sup>             | (0.61)%                    | 1.19%                   | 99.15%     | (35.78)%  | (12.88)%                   |
| <b>Ratios to Average Net Assets</b>   |                                |                            |                         |            |           |                            |
| Total expenses  | 1.82% <sup>5</sup>             | 1.68%                      | 1.56%                   | 1.50%      | 2.48%     | 2.78%                      |
| Total expenses after fees waived and paid indirectly                                | 1.82% <sup>5</sup>             | 1.68%                      | 1.56%                   | 1.50%      | 2.48%     | 2.78%                      |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.50% <sup>5,6</sup>           | 1.36%                      | 1.30%                   | 1.27%      | 1.38%     | 1.20%                      |
| Net investment income   | 6.56% <sup>5</sup>             | 6.61%                      | 6.48%                   | 7.40%      | 10.08%    | 8.39%                      |
| <b>Supplemental Data</b>  |                                |                            |                         |            |           |                            |
| Net assets, end of period (000)   | \$ 145,678                     | \$ 143,773                 | \$ 148,552              | \$ 138,371 | \$ 93,656 | \$ 168,553                 |
| Borrowings outstanding, end of period (000)   | \$ 63,000                      | \$ 41,000                  | \$ 36,000               | \$ 24,000  | \$ 26,000 | \$ 50,000                  |
| Average borrowings outstanding, during the period (000)                             | \$ 48,951                      | \$ 48,292                  | \$ 29,101               | \$ 22,225  | \$ 45,165 | \$ 55,269                  |
| Portfolio turnover  | 26%                            | 57%                        | 100%                    | 92%        | 47%       | 65%                        |
| Asset coverage, end of period (000)   | \$ 3,312                       | \$ 4,507                   | \$ 5,126                | \$ 6,765   | \$ 4,602  | \$ 4,371                   |

<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

<sup>3</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 sales charges and include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Annualized. Certain non-recurring expenses have been included in the ratio but not annualized. If these expenses were annualized, the ratio of total expenses, total expenses after fees waiver and paid indirectly, total expenses after fees waived and paid indirectly and excluding interest expense and net investment income would have been 1.96%, 1.96%, 1.64% and 6.41%, respectively.

<sup>6</sup> For the period ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 1.45%.

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**Table of Contents****Financial Highlights****BlackRock Senior High Income Fund, Inc. (ARK)**

|   | Six Months Ended     | Year Ended        | Year Ended February 28, |            |            | Year Ended |
|---|----------------------|-------------------|-------------------------|------------|------------|------------|
|   | August 31,           |                   | February 29,            | 2011       | 2010       |            |
|   | 2012 <sup>1</sup>    | 2012 <sup>1</sup> | 2011                    | 2010       | 2009       | 2008       |
|   | (Unaudited)          |                   |                         |            |            |            |
| <b>Per Share Operating Performance</b>                          |                      |                   |                         |            |            |            |
| Net asset value, beginning of period                            | \$ 4.15              | \$ 4.22           | \$ 3.91                 | \$ 2.54    | \$ 5.04    | \$ 6.17    |
| Net investment income <sup>2</sup>                              | 0.16                 | 0.32              | 0.32                    | 0.36       | 0.41       | 0.54       |
| Net realized and unrealized gain (loss)                         | 0.06                 | (0.06)            | 0.32                    | 1.31       | (2.43)     | (1.11)     |
| Net increase (decrease) from investment operations              | 0.22                 | 0.26              | 0.64                    | 1.67       | (2.02)     | (0.57)     |
| Dividends and distributions from:                               |                      |                   |                         |            |            |            |
| Net investment income   | (0.15)               | (0.33)            | (0.33)                  | (0.30)     | (0.43)     | (0.56)     |
| Tax return of capital   |                      |                   |                         |            | (0.05)     |            |
| Total dividends and distributions                               | (0.15)               | (0.33)            | (0.33)                  | (0.30)     | (0.48)     | (0.56)     |
| Net asset value, end of period                                  | \$ 4.22              | \$ 4.15           | \$ 4.22                 | \$ 3.91    | \$ 2.54    | \$ 5.04    |
| Market price, end of period                                     | \$ 4.43              | \$ 4.06           | \$ 4.18                 | \$ 3.94    | \$ 2.21    | \$ 4.91    |
| <b>Total Investment Return<sup>3</sup></b>                      |                      |                   |                         |            |            |            |
| Based on net asset value  | 5.41% <sup>4</sup>   | 6.86%             | 17.13%                  | 68.90%     | (42.15)%   | (9.76)%    |
| Based on market price   | 13.11% <sup>4</sup>  | 5.54%             | 15.13%                  | 95.61%     | (48.33)%   | (16.94)%   |
| <b>Ratios to Average Net Assets</b>                             |                      |                   |                         |            |            |            |
| Total expenses  | 1.26% <sup>5</sup>   | 1.21%             | 1.13%                   | 1.13%      | 2.24%      | 2.70%      |
| Total expenses after fees waived                                | 1.26% <sup>5</sup>   | 1.21%             | 1.13%                   | 1.13%      | 2.24%      | 2.70%      |
| Total expenses after fees waived and excluding interest expense | 0.95% <sup>5,6</sup> | 0.94%             | 0.90%                   | 0.93%      | 1.05%      | 0.86%      |
| Net investment income   | 7.74% <sup>5</sup>   | 7.84%             | 7.83%                   | 10.70%     | 9.96%      | 9.16%      |
| <b>Supplemental Data</b>  |                      |                   |                         |            |            |            |
| Net assets, end of period (000)                                 | \$ 239,453           | \$ 235,316        | \$ 238,760              | \$ 221,173 | \$ 143,643 | \$ 284,692 |
| Borrowings outstanding, end of period (000)                     | \$ 90,000            | \$ 69,000         | \$ 50,000               | \$ 43,000  | \$ 47,000  | \$ 91,500  |
| Average borrowings outstanding, during the period (000)         | \$ 77,679            | \$ 66,806         | \$ 41,405               | \$ 29,978  | \$ 79,422  | \$ 109,978 |
| Portfolio turnover  | 31%                  | 60%               | 83%                     | 80%        | 49%        | 48%        |
| Asset coverage, end of period (000)                             | \$ 3,661             | \$ 4,410          | \$ 5,775                | \$ 6,144   | \$ 4,056   | \$ 4,112   |

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<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

<sup>3</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 sales charges and include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Annualized.

<sup>6</sup> For the period ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 0.90%.

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**Table of Contents****Notes to Consolidated 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 ) are registered under 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. COY, CYE, DSU, FRB and ARK are referred to collectively as the Funds or individually as a Fund . 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 of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Boards of Directors of the Funds are collectively referred to throughout this report as the Board of Directors or the Board , and the directors thereof are collectively referred to throughout this report as Directors . The Funds determine, and make available for publication the NAVs of their Common Shares on a daily basis.

Reorganization: On May 23, 2012, the Board approved a plan of reorganization whereby BlackRock Floating Rate Income Strategies Fund, Inc. ( FRA ) will acquire all of the assets and all of the liabilities of FRB in exchange for newly issued shares of FRA in a merger transaction.

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

Basis of Consolidation: The accompanying consolidated financial statements include the accounts of BLK COY (Luxembourg) Investments, S.a.r.l. and BLK CYE (Luxembourg) Investments, S.a.r.l. (the Luxembourg Subsidiaries ) and DSU JGW SPV, LLC, DSU (S-Martin) SPV, LLC, FRB JGW SPV, LLC and ARK JGW SPV, LLC (the US Subsidiaries ), all of which are wholly owned taxable subsidiaries of each Fund. The US Subsidiaries enable the Funds to hold investments that are organized as an operating partnership and still satisfy Regulated Investment Company ( RIC ) tax requirements. Income earned and gains realized on the investments held by the US Subsidiaries are taxable to such subsidiaries. The Luxembourg Subsidiaries hold shares of private Canadian companies. These shares are held in the Luxembourg Subsidiaries in order to realize benefits under the Double Tax Avoidance Convention between Canada and Luxembourg, the result of which is gains on the sale of such shares will not be subject to capital gains taxes in Canada. Income earned on the investments held by the Luxembourg Subsidiaries may be taxable to such subsidiaries in Luxembourg. An income tax provision for all income, including realized and unrealized gains, if any, is reflected as either a reduction in investment income or as component of realized and unrealized gain (loss) on the Consolidated Statements of Operations. The Funds may invest up to 25% of their total assets in the US Subsidiary. Intercompany accounts and transactions have been eliminated. Both the US and Luxembourg Subsidiaries are subject to the same investment policies and restrictions that apply to the Funds.

Valuation: US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds fair value their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The Global Valuation Committee is the committee formed by management to develop global pricing policies and procedures and to provide oversight of the pricing function for the Funds for all financial instruments.

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. Asset-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, trades and values of the underlying reference instruments. Investments in open-end registered investment companies are valued at NAV 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 ( NASDAQ ) 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.

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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

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**Notes to Consolidated Financial Statements (continued)**

determined that the prior day's price no longer reflects the fair value of the option. Over-the-counter (OTC) options and swaptions 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 if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, 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 Global Valuation Committee, or its delegate, 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 consistent with the principles of fair value measurement which include the market approach, income approach and/or cost approach, as appropriate. A market approach generally consists of using comparable market transactions. The income approach generally is used to discount future cash flows to present value and adjusted for liquidity as appropriate. These factors include but are not limited to (i) attributes specific to the investment or asset; (ii) the principal market for the investment or asset; (iii) the customary participants in the principal market for the investment or asset; (iv) data assumptions by market participants for the investment or asset, if reasonably available; (v) quoted prices for similar investments or assets in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates. Due to the inherent uncertainty of valuations of such investments, the fair values may differ from the values that would have been used had an active market existed. The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Funds' pricing vendors, a regular review of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof on a quarterly basis.

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 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 affect the value of such instruments materially, those instruments may be Fair Value Assets and be valued at their fair value, as determined in good faith by the Global Valuation Committee using a pricing service and/or policies approved by the Board.

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

The Funds do not isolate the portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in foreign currency exchange rates on investments are not segregated on the Consolidated Statements of Operations from the effects of changes in market prices of those investments but are included as a component of net realized and unrealized gain (loss) from investments. The Funds report realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

Asset-Backed Securities: The Funds may invest in asset-backed securities. Asset-backed securities are generally issued as pass-through certificates, which represent undivided fractional ownership interests in an underlying pool of assets, or as debt instruments, which are also known as collateralized obligations, and are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security subject to such a prepayment feature will have the effect of shortening the maturity of the security. If the Fund has purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the premium paid.

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**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.

**Capital Trusts:** The Funds may invest in capital trusts. These securities are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics, or by an affiliated business trust of a corporation, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured as either fixed or adjustable coupon securities that can have either a perpetual or stated maturity date. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been

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met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for federal income tax purposes. These securities generally are rated below that of the issuing company's senior debt securities.

**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 leveraged. 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 London Interbank Offered Rate (LIBOR), 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 the Fund purchases 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. 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) or assignments (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 general creditors of the lender and may not benefit from any offset between the lender and the borrower. Assignments typically result in the Funds having a direct contractual relationship with the borrower and the Funds may enforce compliance by the borrower with the terms of the loan agreement.

**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 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 to such transactions 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.

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Dividend income is recorded on the ex-dividend dates. Upon notification from issuers, some of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Interest income, including amortization and accretion of premiums and discounts 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 interest income in the Consolidated 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. The portion of dividends and distributions that exceed a Fund's current and accumulated earnings and profits, which are measured on a tax basis, may be treated as a tax return of capital. Distributions in

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excess of a Fund's taxable income and net capital gains, but not in excess of a Fund's earnings and profits, will be taxable to shareholders as ordinary income and will not constitute a nontaxable return of capital. Capital losses carried forward from years beginning before 2011 do not reduce earnings and profits, even if such carried forward losses offset current year realized gains. The character and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

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

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 following periods:

|     | <b>Four Years Ended</b> | <b>Three Years Ended</b> | <b>Period Ended</b> |
|-----|-------------------------|--------------------------|---------------------|
| COY |                         | February 29, 2012        | February 28, 2009   |
| CYE |                         | February 29, 2012        | February 28, 2009   |
| DSU | February 29, 2012       |                          |                     |
| FRB | February 29, 2012       |                          |                     |
| ARK | February 29, 2012       |                          |                     |

The statutes of limitations on each Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

**Recent Accounting Standard:** In December 2011, the Financial Accounting Standards Board issued guidance that will expand current disclosure requirements on the offsetting of certain assets and liabilities. The new disclosures will be required for investments and derivative financial instruments subject to master netting or similar agreements which are eligible for offset in the Consolidated Statements of Assets and Liabilities and will require an entity to disclose both gross and net information about such investments and transactions in the consolidated financial statements. The guidance is effective for consolidated financial statements with fiscal years beginning on or after January 1, 2013, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds' financial statement disclosures.

**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by each Fund's Board, independent 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 there under represent general unsecured claims against the general assets of each Fund. Prior to March 31, 2012, each Fund elected 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, and dividends and distributions received from the BlackRock Closed-End Fund investments through March 31, 2012 are included in income affiliated in the Consolidated 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 Consolidated Statements of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

**2. Derivative Financial Instruments:**

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The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and/or to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk, interest rate risk, 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. master agreement ( ISDA Master Agreement ) implemented between a Fund and each of its respective counterparties. An ISDA Master Agreement allows each Fund to offset with each separate counterparty certain derivative financial instruments 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 counterparty 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 they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

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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 fails to meet the terms of their 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 value of equity securities (equity risk). Financial futures contracts are agreements between the Funds and the counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, financial futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. 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 variation margin and are recorded by the Funds as unrealized appreciation or depreciation. 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 contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates 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 currencies, in which some of the investments held by the Funds are denominated. 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 the 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 interest rate risk and/or, in the case of options written, to generate gains from options premiums. A call option gives the purchaser (holder) of the option the right (but not the obligation) to buy, and obligates the seller (writer) to sell (when the option is exercised), the underlying instrument at the exercise or strike 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 or strike price at any time or at a specified time during the option period. When the Funds purchase (writes) 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 Fund enters 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 holds the underlying instrument subject to being called by the option counterparty. 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 a written option 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 fund and a counterparty agree to either make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be executed on a registered financial and commodities exchange (centrally cleared swaps). In a centrally cleared swap, the Funds typically enter into an agreement with a counterparty; however, performance is guaranteed by the central clearinghouse reducing or eliminating the Fund's exposure to the credit risk of the counterparty. These payments received or made by the Funds are recorded in the Consolidated 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). The daily change in valuation of centrally cleared swaps, if any, is recorded as a receivable or payable for variation margin in the

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Consolidated Statements of Assets and Liabilities. 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 Consolidated 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

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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 swap agreements to provide a measure of protection against the default of an issuer (as buyer of 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 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 with respect to the referenced entity (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 the 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 the 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 the 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 the index.

**Interest rate swaps** Certain Funds enter into interest rate swaps to gain or reduce exposure to interest rates or to manage duration, the yield curve or interest rate risk by economically hedging the value of the fixed rate bonds which may decrease when interest rates rise (interest rate risk). Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating, for another party's stream of interest payments, either fixed or floating, on the same notional amount for a specified period of time. Interest rate floors, which are a type of interest rate swap, are agreements in which one party agrees to make payments to the other party to the extent that interest rates fall below a specified rate or floor in return for a premium. In more complex swaps, the notional principal amount may decline (or amortize) over time.

**Derivative Financial Instruments Categorized by Risk Exposure:****Fair Values of Derivative Financial Instruments as of August 31, 2012**

|   |  | <b>Asset Derivatives</b>     |                |              |              |             |
|---|--|------------------------------|----------------|--------------|--------------|-------------|
|   |  | <b>COY</b>                   | <b>CYE</b>     | <b>DSU</b>   |              |             |
| <b>Consolidated Statements of Assets and Liabilities Location</b> |  | <b>Value</b>                 |                |              |              |             |
| Foreign currency exchange contracts                               | Unrealized appreciation on foreign currency exchange contracts                   | \$ 26,257                    | \$ 39,584      | \$ 5,454     |              |             |
| Credit contracts  | Unrealized appreciation on swaps   | 817,408                      | 878,971        |              |              |             |
| Equity contracts  | Investments at value-unaffiliated <sup>1</sup>                                   |                              |                |              |              |             |
| <b>Total</b>  |  | \$ 843,665                   | \$ 918,555     | \$ 5,454     |              |             |
|   |  | <b>Liability Derivatives</b> |                |              |              |             |
|   |  | <b>COY</b>                   | <b>CYE</b>     | <b>DSU</b>   | <b>FRB</b>   | <b>ARK</b>  |
| <b>Consolidated Statements of Assets and Liabilities Location</b> |  | <b>Value</b>                 |                |              |              |             |
| Foreign currency exchange contracts                               | Unrealized depreciation on foreign currency exchange contracts                   | \$ (700,255)                 | \$ (704,331)   | \$ (614,672) | \$ (100,156) | \$ (10,520) |
| Credit contracts  | Unrealized depreciation on swaps   | (63,595)                     | (63,322)       |              | (77,373)     |             |
| Equity contracts  | Net unrealized appreciation/depreciation <sup>2</sup> ; Options written at value | (522,208)                    | (565,522)      |              |              |             |
| <b>Total</b>  |  | \$ (1,286,058)               | \$ (1,331,175) | \$ (614,672) | \$ (177,529) | \$ (10,520) |

<sup>1</sup> Includes options purchased at value as reported in the Consolidated Schedules of Investments.

<sup>2</sup> Includes cumulative appreciation/depreciation on financial futures contracts as reported in the Consolidated Schedules of Investments. Only current day variation margin is reported within the Consolidated Statements of Assets and Liabilities.



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## Notes to Consolidated Financial Statements (continued)

**The Effect of Derivative Financial Instruments in the Consolidated Statements of Operations**  
**Six Months Ended August 31, 2012**

|                                      | Net Realized Gain (Loss) From |                   |                     |                  |                     |
|--------------------------------------|-------------------------------|-------------------|---------------------|------------------|---------------------|
|                                      | COY                           | CYE               | DSU                 | FRB              | ARK                 |
| Interest rate contracts:             |                               |                   |                     |                  |                     |
| Options <sup>1</sup>                 | \$ 15,600                     | \$ 17,025         |                     |                  |                     |
| Foreign currency exchange contracts: |                               |                   |                     |                  |                     |
| Foreign currency transactions        | 309,490                       | 128,641           | \$ 218,317          | \$ 36,754        | \$ (4,502)          |
| Credit contracts:                    |                               |                   |                     |                  |                     |
| Swaps                                | 288,725                       | 278,324           | (397,040)           | (23,603)         | (299,946)           |
| Equity contracts:                    |                               |                   |                     |                  |                     |
| Financial futures contracts          | (42,138)                      | (31,386)          |                     |                  |                     |
| Options <sup>1</sup>                 | 86,316                        | 67,779            |                     |                  |                     |
| <b>Total</b>                         | <b>\$ 657,993</b>             | <b>\$ 460,383</b> | <b>\$ (178,723)</b> | <b>\$ 13,151</b> | <b>\$ (304,448)</b> |

|                                      | Net Change in Unrealized Appreciation/Depreciation on |                   |                   |                    |                 |
|--------------------------------------|---|-------------------|-------------------|--------------------|-----------------|
|                                      | COY   | CYE               | DSU               | FRB                | ARK             |
| Foreign currency exchange contracts: |   |                   |                   |                    |                 |
| Foreign currency translations        | \$ 232,445  | \$ 266,261        | \$ 140,807        | \$ 45,270          | \$ 2,389        |
| Credit contracts:                    |   |                   |                   |                    |                 |
| Swaps                                | 388,724   | 445,690           |                   | (77,373)           |                 |
| Equity contracts:                    |   |                   |                   |                    |                 |
| Financial futures contracts          | (264,271)   | (306,694)         |                   |                    |                 |
| Options <sup>1</sup>                 | 161,711   | 172,474           |                   |                    |                 |
| <b>Total</b>                         | <b>\$ 518,609</b>                                     | <b>\$ 577,731</b> | <b>\$ 140,807</b> | <b>\$ (32,103)</b> | <b>\$ 2,389</b> |

<sup>1</sup> Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments. For the six months ended August 31, 2012, 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                     | 99            | 105           |               |              |              |
| Average notional value of contracts sold             | \$ 6,706,740  | \$ 7,121,078  |               |              |              |
| Foreign currency exchange contracts:                 |               |               |               |              |              |
| Average number of contracts-US dollars purchased     | 12            | 11            | 11            | 5            | 1            |
| Average number of contracts-US dollars sold          | 3             | 4             | 3             | 1            |              |
| Average US dollar amounts purchased                  | \$ 28,517,195 | \$ 28,856,948 | \$ 25,280,693 | \$ 4,522,528 | \$ 367,191   |
| Average US dollar amounts sold                       | \$ 1,340,117  | \$ 1,676,355  | \$ 853,865    | \$ 421,964   |              |
| Options:   |               |               |               |              |              |
| Average number of option contracts purchased         | 387           | 417           |               | 11           |              |
| Average number of option contracts written           | 370           | 398           |               |              |              |
| Average notional value of option contracts purchased | \$ 4,900,029  | \$ 5,264,914  |               | \$ 10,371    |              |
| Average notional value of option contracts written   | \$ 4,514,000  | \$ 4,849,500  |               |              |              |
| Average number of swaption contracts written         | 1             | 1             |               |              |              |
| Average notional value of swaption contracts written | \$ 520,000    | \$ 567,500    |               |              |              |
| Credit default swaps:                                |               |               |               |              |              |
| Average number of contracts-buy protection           | 10            | 10            |               | 1            |              |
| Average number of contracts-sell protection          | 18            | 17            | 1             |              | 1            |
| Average notional value-buy protection                | \$ 2,639,000  | \$ 2,868,000  |               | \$ 952,875   |              |
| Average notional value-sell protection               | \$ 11,372,500 | \$ 12,062,500 | \$ 6,275,000  |              | \$ 4,725,000 |

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

The PNC Financial Services Group, Inc. ( PNC ) is the largest stockholder and an affiliate, for 1940 Act purposes, of BlackRock, Inc. ( BlackRock ).

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 based on a percentage of each Fund s average daily net assets, plus the proceeds of any outstanding borrowings used for leverage, at the following annual rates:

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

**Table of Contents****Notes to Consolidated Financial Statements (continued)**

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds. However, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with each Fund's investment in other affiliated investment companies, if any. These amounts are included in fees waived by Manager in the Consolidated Statements of Operations.

The Manager provides investment management and other services to the US and Luxembourg Subsidiaries. The Manager does not receive separate compensation from the Subsidiaries for providing investment management or administrative services. However, each Fund pays the Manager based on the Fund's net assets which includes the assets of the US and Luxembourg Subsidiaries.

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.

Certain officers and/or Directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the 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, 2012 were as follows:

|     | <b>Purchases</b> | <b>Sales</b>   |
|-----|------------------|----------------|
| COY | \$ 131,743,078   | \$ 107,133,105 |
| CYE | \$ 146,959,026   | \$ 124,866,799 |
| DSU | \$ 242,442,068   | \$ 192,210,235 |
| FRB | \$ 77,190,994    | \$ 51,661,009  |
| ARK | \$ 118,910,270   | \$ 97,687,572  |

Transactions in options written for the six months ended August 31, 2012, were as follows:

|  | <b>COY</b>       |                           | <b>Puts</b>                  |                  | <b>CYE</b>                |                              |
|--|------------------|---------------------------|------------------------------|------------------|---------------------------|------------------------------|
|  | <b>Contracts</b> | <b>Notional<br/>(000)</b> | <b>Premiums<br/>Received</b> | <b>Contracts</b> | <b>Notional<br/>(000)</b> | <b>Premiums<br/>Received</b> |
| Outstanding options, beginning of period | 1,075            |                           | \$ 76,897                    | 1,140            |                           | \$ 81,580                    |
| Options written                          | 3,240            | \$ 1,040,000              | 232,496                      | 3,295            | \$ 1,135,000              | 239,254                      |
| Options exercised                        |                  |                           |                              |                  |                           |                              |
| Options expired                          |                  | (1,040,000)               | (15,600)                     |                  | (1,135,000)               | (17,024)                     |
| Options closed                           | (4,315)          |                           | (293,793)                    | (4,435)          |                           | (303,810)                    |
| Outstanding options, end of period       |                  |                           |                              |                  |                           |                              |

**5. Income Tax Information:**

As of February 29, 2012, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

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| Expires                         | COY           | CYE           | DSU            | FRB           | ARK            |
|---------------------------------|---------------|---------------|----------------|---------------|----------------|
| 2013                            |               |               | \$ 21,126,025  |               |                |
| 2014                            |               |               | 20,233,987     | \$ 100,800    | \$ 4,906,362   |
| 2015                            |               |               | 3,578,574      | 1,315,945     | 1,585,622      |
| 2016                            | \$ 454,146    |               |                |               |                |
| 2017                            | 23,362,415    | \$ 22,687,878 | 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     |
| 2019                            |               |               | 16,301,990     |               | 9,564,345      |
| No expiration date <sup>1</sup> |               |               | 13,051,575     | 1,757,611     | 6,629,052      |
| <b>Total</b>                    | \$ 60,139,798 | \$ 56,522,655 | \$ 279,045,885 | \$ 54,173,733 | \$ 111,046,271 |

<sup>1</sup> Must be utilized prior to losses subject to expiration.

As of August 31, 2012, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

|  | COY            | CYE            | DSU             | FRB            | ARK            |
|--|----------------|----------------|-----------------|----------------|----------------|
| Tax cost                                   | \$ 345,918,965 | \$ 384,865,720 | \$ 693,627,700  | \$ 212,077,769 | \$ 333,309,001 |
| Gross unrealized appreciation              | 20,064,817     | 22,497,565     | 21,556,686      | 3,967,961      | 10,904,854     |
| Gross unrealized depreciation              | (14,346,058)   | (15,203,447)   | (61,660,763)    | (3,020,985)    | (10,885,798)   |
| Net unrealized appreciation (depreciation) | \$ 5,718,759   | \$ 7,294,118   | \$ (40,104,077) | \$ 946,976     | \$ 19,056      |

**Table of Contents****Notes to Consolidated Financial Statements (continued)****6. Borrowings:**

On March 3, 2011, the Funds renewed their 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 allows for the following maximum commitment amounts:

|     | <b>Commitment</b> |
|-----|-------------------|
|     | <b>Amounts</b>    |
| COY | \$ 126,600,000    |
| CYE | \$ 138,000,000    |
| DSU | \$ 224,500,000    |
| FRB | \$ 72,500,000     |
| ARK | \$ 117,500,000    |

Advances are made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 0.80% above the Fed Funds rate and (ii) 0.80% above the Overnight LIBOR or (b) 0.80% above 7-day, 30-day, 60-day or 90-day LIBOR.

Effective March 2, 2012, the SSB Agreement was renewed for an additional 364 days. The SSB Agreement allows for the following maximum commitment amounts:

|     | <b>Commitment</b> |
|-----|-------------------|
|     | <b>Amounts</b>    |
| COY | \$ 126,600,000    |
| CYE | \$ 138,000,000    |
| DSU | \$ 224,500,000    |
| FRB | \$ 72,500,000     |
| ARK | \$ 117,500,000    |

Advances will be made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 0.75% above the Fed Funds rate and (ii) 0.75% above the overnight LIBOR or (b) 0.75% 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, 2012 are shown in the Consolidated Statements of Assets and Liabilities as loan payable. Based on the short-term nature of the borrowings under the line of credit and the variable interest rate, the carrying amount of the borrowings approximates fair value.

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, 2012, the daily weighted average interest rates for the Funds with loans under the revolving credit agreements were as follows:

|     | <b>Annualized Daily Weighted</b> |
|-----|----------------------------------|
|     | <b>Average Interest Rate</b>     |
| COY | 0.93%                            |
| CYE | 0.92%                            |

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|     |       |
|-----|-------|
| DSU | 0.94% |
| FRB | 0.93% |
| ARK | 0.93% |

### 7. Commitments:

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into bridge loan commitments ( commitments ). Bridge loan commitments may obligate the Funds to furnish temporary financing to a borrower until permanent financing can be arranged. As of August 31, 2012, the Funds had outstanding bridge loan commitments as follows:

|     | Commitment |
|-----|------------|
|     | Amounts    |
| COY | \$ 600,000 |
| CYE | \$ 660,000 |
| DSU | \$ 845,000 |

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 included in interest income in the Consolidated Statements of Operations, is recognized ratably over the commitment period. Commitment fees received in advance and unrecognized are recorded on the Consolidated Statements of Assets and Liabilities as deferred income.

### 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' Consolidated 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. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

**Table of Contents****Notes to Financial Statements (concluded)**

For the six months ended August 31, 2012 and the year ended February 29, 2012, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

|     | <b>Six Months<br/>Ended August 31,<br/>2012</b> | <b>Year Ended<br/>February 29,<br/>2012</b> |
|-----|---|---|
| COY | 73,542  | 102,019                                     |
| CYE | 69,544  | 53,550                                      |
| DSU | 249,632   | 195,440                                     |
| FRB | 2,727   | 15,006                                      |
| ARK | 92,132  | 55,454                                      |

**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 28, 2012 to Common Shareholders of record on September 14, 2012 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| COY | \$ 0.0510                                |
| CYE | \$ 0.0525                                |
| DSU | \$ 0.0270                                |
| FRB | \$ 0.0730                                |
| ARK | \$ 0.0250                                |

Additionally, the Funds declared a net investment income dividend on October 1, 2012 payable to Common Shareholders of record on October 15, 2012 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| COY | \$ 0.0510                                |
| CYE | \$ 0.0525                                |
| DSU | \$ 0.0270                                |
| ARK | \$ 0.0250                                |

At a shareholder meeting on September 13, 2012, FRB's and FRA's shareholders approved the plan of reorganization discussed in Note 1. The reorganization took place on October 5, 2012. In connection with the reorganization, FRB paid a special income distribution of \$0.1610 per share on September 26, 2012 to shareholders of record as of September 24, 2012.

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

The Board of Directors (each, a Board, collectively, the Boards, and the members of which are referred to as Board Members) 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 26, 2012 and May 22-23, 2012 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. The Board of each Fund also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement) among the Manager, BlackRock Financial Management, Inc. (the Sub-Advisor), and 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**

Each Board consists of eleven individuals, nine 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 the Funds 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 Board is an Independent Board Member. Each Board has established six standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee, an Executive Committee, and a Leverage Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee and the Leverage Committee, each of which also has one interested Board Member).

**The Agreements**

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. The Boards have four quarterly meetings per year, each extending over two days, and a fifth meeting to consider specific information surrounding the consideration of renewing the Agreements. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Funds by BlackRock, its personnel and its affiliates, including investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services, risk oversight, compliance and assistance in meeting applicable legal and regulatory requirements.

The Boards, acting directly and through their respective committees, considered at each of their meetings, and from time to time as appropriate, factors that are relevant to their annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. Among the matters the Boards 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 their peers and/or benchmark, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Funds for services such as call center and fund accounting; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Funds' investment objectives, policies and restrictions; (e) the Funds' compliance with their Code of Ethics and other 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 and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of the Funds' valuation and liquidity procedures; (k) an analysis of management fees ratios for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; (l) BlackRock's compensation methodology for its investment professionals and the incentives it creates; and (m) periodic updates on BlackRock's business.

The Boards have engaged in an ongoing strategic review with BlackRock of opportunities to consolidate funds and of BlackRock's commitment to investment performance. In addition, the Boards requested, to the extent reasonably possible, an analysis of the risk and return relative to selected funds in peer groups. BlackRock provides information to the Boards in response to specific questions. These questions covered issues such as profitability, including the impact of BlackRock's upfront costs in sponsoring closed-end funds and the relative profitability of closed-end and open end funds, investment performance and management fee levels. The Boards considered the importance of: (i) managing fixed income assets with a view toward preservation of capital; (ii) portfolio managers' investments in the funds they manage; (iii) BlackRock's controls surrounding the coding of quantitative investment models; and (iv) BlackRock's oversight of relationships with third party service providers.

**Board Considerations in Approving the Agreements**

The Approval Process: Prior to the April 26, 2012 meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with its independent legal counsel and BlackRock to review periodically 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 the Funds as compared with a peer group of funds as determined by Lipper and, with respect to DSU, FRB and ARK, a customized peer group selected by BlackRock (collectively, Peers ); (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates; (c) a general analysis provided by BlackRock concerning investment management fees (a combination of the advisory fee and the administration fee, if any) charged to other clients, such as

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

institutional clients and open-end funds, under similar investment mandates, as applicable; (d) the existence, impact and sharing of potential 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.

At an in-person meeting held on April 26, 2012, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April 26, 2012 meeting, and as a culmination of the Boards' year-long deliberative process, the Boards presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the May 22-23, 2012 Board meeting.

At an in-person meeting held on May 22-23, 2012, each Board, including all the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund, and the Sub-Advisory Agreement among the Manager, the Sub-Advisor, and its Fund, each for a one-year term ending June 30, 2013. 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 the Funds 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 the Funds; (d) economies of scale; (e) fall-out benefits to BlackRock as a result of its relationship with the Funds; and (f) other factors deemed relevant by the Board Members.

The Boards also considered other matters they deemed important to the approval process, such as payments made to BlackRock or its affiliates relating to securities lending, services related to the valuation and pricing of Fund portfolio holdings, direct and indirect benefits to BlackRock and its affiliates from their relationship with the Funds 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 the Funds. Throughout the year, the Boards compared Fund performance to the performance of a comparable group of closed-end funds and/or 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. Each Board also reviewed the materials provided by its Fund's portfolio management team discussing Fund performance and the 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 their Funds' portfolio management teams, 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 and oversight capabilities and BlackRock's approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards engaged in a review of BlackRock's compensation structure with respect to their Funds' portfolio management teams and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to advisory services, the Boards considered the quality of the administrative and non-investment advisory services provided to the Funds. BlackRock and its affiliates provide the Funds with certain services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with the following administrative services including, among others: (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 the Funds; (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 the Funds, 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.

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B. The Investment Performance of the Funds and BlackRock: The Boards, including the Independent Board Members, also reviewed and considered the performance history of their Funds. In preparation for the April 26, 2012 meeting, the Boards worked with its independent legal counsel, BlackRock and Lipper to develop a template for, and was 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, each Board received and reviewed information regarding the investment performance, based on net asset value (NAV), of its Fund as compared to funds in that Fund's applicable Lipper category, and with respect to DSU, FRB and ARK, a customized peer group selected by BlackRock. The Boards were provided with a description of the methodology used by Lipper to select peer funds and periodically meets with Lipper representatives to review their methodology. Each Board and its Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of its Fund throughout the year.

The Board of COY noted that, in general, COY performed better than its Peers in that COY's performance was at or above the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported.

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

The Board of CYE noted that, in general, CYE performed better than its Peers in that CYE's performance was at or above the median of its Lipper Performance Universe in the three- and five-year periods reported, although performance for the one-year period reported was below the median. The Board of CYE and BlackRock reviewed and discussed the reasons for CYE's underperformance during the one-year period and will monitor closely CYE's performance in the coming year.

The Board of DSU noted that, in general, DSU performed better than its Peers in that DSU's performance was at or above the median of its Customized Lipper Peer Group in two of the one-, three- and five-year periods reported. Based on its discussions with BlackRock and the Board's review of DSU's investment performance compared to its Lipper Peer Group, the methodology used by Lipper to select peer funds, and other relevant information provided by BlackRock, DSU's Board noted that DSU's investment performance as compared to its Customized Lipper Peer Group provided a more meaningful comparison of DSU's relative performance.

The Board of FRB noted that FRB performed below the median of its Customized Lipper Peer Group in each of the one-, three- and five-year periods reported. Based on its discussions with BlackRock and the Board's review of FRB's investment performance compared to its Lipper Peer Group, the methodology used by Lipper to select peer funds, and other relevant information provided by BlackRock, the Board of FRB noted that FRB's investment performance as compared to its Customized Lipper Peer Group provided a more meaningful comparison of FRB's relative performance. The Board of FRB and BlackRock reviewed and discussed the reasons for FRB's underperformance during these periods compared with its Peers. FRB's Board was informed that, among other things, the two major factors impacting performance during the one- and three-year periods were leverage and general investment style. On average, FRB has tended to run lower leverage than FRB's competitors and the investment style leads to overweight positions to higher-quality assets. The two years following the financial crisis in 2008 witnessed a significant rally in lower credit quality assets. The overweight to higher quality assets and below average leverage were the primary drivers to the underperformance for the three-year period.

The Board of ARK noted that ARK performed below the median of its Customized Lipper Peer Group in the three- and five-year periods reported, but that ARK performed at or above the median of its Customized Lipper Peer Group in the one-year period reported. Based on its discussions with BlackRock and the Board's review of ARK's investment performance compared to its Lipper Peer Group, the methodology used by Lipper to select peer funds, and other relevant information provided by BlackRock, the Board of ARK noted that ARK's investment performance as compared to its Customized Lipper Peer Group provided a more meaningful comparison of ARK's relative performance. The Board of ARK and BlackRock reviewed and discussed the reasons for ARK's underperformance during the three- and five-year periods compared with its Peers. ARK's Board was informed that, among other things, ARK's underperformance over the three-year period is largely a result of less leverage versus its Customized Lipper Peer Group. The high yield and bank loan markets posted record returns in 2009 and 2010's bull market, which is

why running less leverage than the peer group on average produced a lag. ARK's five-year period underperformance can be attributed to 2008; returns in both the high yield and bank loans markets were down substantially.

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

C. Consideration of the Advisory/Management Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds: Each Board, including the Independent Board Members, reviewed its Fund's contractual management fee rate compared with the other funds in its Lipper category. It also compared the Fund's total expense ratio, as well as actual management fee rate, 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 the Funds. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Funds. The Boards reviewed BlackRock's profitability with respect to the Funds and other funds the Boards currently oversee for the year ended December 31, 2011 compared to available aggregate profitability data provided for the years ended December 31, 2010, and December 31, 2009. 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.

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The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly 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. 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. The Boards considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Boards considered the cost of the services provided to the Funds by BlackRock, and BlackRock's and its affiliates' profits relating to the management of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Boards reviewed BlackRock's

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

methodology in allocating its costs to the management of the Funds. 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 of COY, CYE, DSU, FRB and ARK noted that its respective Fund's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was lower than or equal to the median contractual management fee ratio paid by the Fund's Peers, in each case before taking into account any expense reimbursements or fee waivers.

D. Economies of Scale: Each Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of its Fund increase. Each Board also considered the extent to which its Fund benefits from such economies and whether there should be changes in the advisory fee rate or structure in order to enable the 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 the Fund.

Based on the Boards' review and consideration of the issue, the Boards concluded that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering. They are typically priced at scale at a fund's inception. The Boards noted that only one closed-end fund in the Fund Complex has breakpoints in its advisory fee 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 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 and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including securities lending and cash management 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 registered fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that they had considered the investment by BlackRock's funds in exchange traded funds (i.e., 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 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.

**Conclusion**

Each Board, including all the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund for a one-year term ending June 30, 2013, and the Sub-Advisory Agreement among the Manager, the Sub-Advisor, and its Fund for a one-year term ending June 30, 2013. 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 the Funds and their shareholders. In arriving at their 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 these determinations. The contractual fee arrangements for the Funds 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. As a result, the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.

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**Officers and Directors**

Richard E. Cavanagh, Chairman of the Board and Director

Karen P. Robards, Vice Chairperson of the Board, Chairperson of the Audit Committee and Director

Paul L. Audet, Director

Michael J. Castellano, Director and Member of the Audit Committee

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

John M. Perlowski, President and Chief Executive Officer

Anne Ackerley, Vice President

Brendan Kyne, Vice President

Robert W. Crothers, Vice President<sup>1</sup>

Neal Andrews, Chief Financial Officer

Jay Fife, Treasurer

Brian Kindelan, Chief Compliance Officer and Anti-Money Laundering Officer

Janey Ahn, Secretary<sup>2</sup>

<sup>1</sup> Effective May 22, 2012, Robert W. Crothers became Vice President of the Funds.

<sup>2</sup> Effective May 22, 2012, Ira P. Shapiro resigned as Secretary of the Funds and Janey Ahn became Secretary of the Funds.

**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>3</sup>

New York, NY 10017

State Street Bank and Trust Company<sup>4</sup>

Boston, MA 02110

The Bank of New York Mellon<sup>5</sup>

New York, NY 10286

**Transfer Agent**

Computershare Trust Company, N.A.

Canton, MA 02021

**Accounting Agent**

State Street Bank and Trust Company

Boston, MA 02110

**Legal Counsel**

Skadden, Arps, Slate, Meagher & Flom LLP

New York, NY 10036

**Independent Registered Public Accounting Firm**

Deloitte & Touche LLP

Boston, MA 02116

**Address of the Funds**

100 Bellevue Parkway

Wilmington, DE 19809

<sup>3</sup> For COY.

<sup>4</sup> For CYE and FRB.

<sup>5</sup> For DSU and ARK.

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**Table of Contents****Additional Information****Proxy Results**

The Annual Meeting of Shareholders was held on July 27, 2012 for shareholders of record on May 31, 2012 to elect director nominees for each Fund. There were no broker non-votes with regard to any of the Funds.

|     | <b>Paul L. Audet</b>    |                 |                | <b>Michael J. Castellano</b> |                 |                | <b>Richard E. Cavanagh</b> |                 |                |
|-----|-------------------------|-----------------|----------------|------------------------------|-----------------|----------------|----------------------------|-----------------|----------------|
|     | <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |
| COY | 31,934,050              | 1,000,367       | 0              | 31,881,351                   | 1,053,066       | 0              | 31,937,831                 | 996,586         | 0              |
| CYE | 34,239,474              | 1,051,994       | 0              | 34,260,909                   | 1,030,559       | 0              | 34,338,410                 | 953,058         | 0              |
| DSU | 98,873,904              | 2,240,266       | 0              | 97,768,080                   | 2,346,090       | 0              | 98,730,425                 | 2,383,745       | 0              |
| FRB | 9,595,670               | 283,003         | 0              | 9,590,212                    | 288,461         | 0              | 9,580,472                  | 298,201         | 0              |
| ARK | 52,424,466              | 762,485         | 0              | 52,425,135                   | 761,816         | 0              | 52,426,588                 | 760,363         | 0              |
|     | <b>Frank J. Fabozzi</b> |                 |                | <b>Kathleen F. Feldstein</b> |                 |                | <b>James T. Flynn</b>      |                 |                |
|     | <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |
| COY | 31,922,017              | 1,012,400       | 0              | 31,816,329                   | 1,118,088       | 0              | 31,877,262                 | 1,057,155       | 0              |
| CYE | 34,349,629              | 941,839         | 0              | 34,170,136                   | 1,121,332       | 0              | 34,198,897                 | 1,092,571       | 0              |
| DSU | 98,823,345              | 2,290,825       | 0              | 98,704,927                   | 2,409,243       | 0              | 98,693,714                 | 2,420,456       | 0              |
| FRB | 9,587,487               | 291,186         | 0              | 9,571,166                    | 307,507         | 0              | 9,582,638                  | 296,035         | 0              |
| ARK | 52,424,956              | 761,995         | 0              | 52,406,990                   | 779,961         | 0              | 52,404,817                 | 782,134         | 0              |
|     | <b>Henry Gabbay</b>     |                 |                | <b>Jerrold B. Harris</b>     |                 |                | <b>R. Glenn Hubbard</b>    |                 |                |
|     | <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |
| COY | 31,928,105              | 1,006,312       | 0              | 31,919,855                   | 1,014,562       | 0              | 31,886,183                 | 1,048,234       | 0              |
| CYE | 34,283,460              | 1,008,008       | 0              | 34,319,212                   | 972,256         | 0              | 34,291,049                 | 1,000,419       | 0              |
| DSU | 98,855,469              | 2,258,701       | 0              | 98,676,596                   | 2,437,574       | 0              | 98,847,227                 | 2,266,943       | 0              |
| FRB | 9,590,522               | 288,151         | 0              | 9,587,269                    | 291,404         | 0              | 9,580,697                  | 297,976         | 0              |
| ARK | 52,423,697              | 763,254         | 0              | 52,418,439                   | 768,512         | 0              | 52,422,588                 | 764,363         | 0              |
|     | <b>W. Carl Kester</b>   |                 |                | <b>Karen P. Robards</b>      |                 |                |                            |                 |                |
|     | <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> |                            |                 |                |
| COY | 31,958,391              | 976,026         | 0              | 31,907,694                   | 1,026,723       | 0              |                            |                 |                |
| CYE | 34,287,134              | 1,004,334       | 0              | 34,318,274                   | 973,194         | 0              |                            |                 |                |
| DSU | 98,902,576              | 2,211,594       | 0              | 98,859,778                   | 2,254,392       | 0              |                            |                 |                |
| FRB | 9,580,697               | 297,976         | 0              | 9,588,881                    | 289,792         | 0              |                            |                 |                |
| ARK | 52,425,843              | 761,108         | 0              | 52,424,324                   | 762,627         | 0              |                            |                 |                |

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**Additional Information (continued)**

**Dividend Policy**

Each Funds' dividend policy is to distribute all or a portion of their net investment income to its 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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**Additional Information (continued)**

**General Information**

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund's offerings and the information contained in each Fund's Statement of Additional Information may have become outdated.

During the period, there were no material changes in the Funds' investment objectives or policies or to the Funds' charters or by-laws that would delay or prevent a change of control of the Funds that were not approved by shareholders or in the principal risk factors associated with investment in the Funds. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds' portfolios.

Quarterly performance, semi-annual and annual reports and other information regarding the Funds may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

**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 the Funds at (800) 441-7762.

**Availability of Quarterly Schedule of Investments**

The Funds file their complete schedule of portfolio holdings with the 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 how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' 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**

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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>.

### Availability of Fund Updates

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the "Closed-end Funds" section of <http://www.blackrock.com>. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Funds. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

**Table of Contents****Additional Information (continued)****Section 19(a) Notices**

These reported amounts and sources of distributions are estimates and are not being provided for tax reporting purposes. The actual amounts and sources 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. Each Fund will provide a Form 1099-DIV each calendar year that will explain the character of these dividends and distributions for federal income tax purposes.

August 31, 2012

|     | Total Fiscal Year-to-Date             |                                     |                         |                              | Percent of Fiscal Year-to-Date        |                                     |                         |                              |
|-----|---------------------------------------|-------------------------------------|-------------------------|------------------------------|---------------------------------------|-------------------------------------|-------------------------|------------------------------|
|     | Cumulative Distributions by Character |                                     |                         |                              | Cumulative Distributions by Character |                                     |                         |                              |
|     | 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 |
| ARK | \$ 0.150000                           |                                     |                         | \$ 0.150000                  | 100%                                  | 0%                                  | 0%                      | 100%                         |
| CYE | \$ 0.310500                           |                                     |                         | \$ 0.310500                  | 100%                                  | 0%                                  | 0%                      | 100%                         |

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**Additional Information (concluded)**

**BlackRock Privacy Principles**

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.

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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  
(a) Not Applicable to this semi-annual report  
(b) As of the date of this filing, there have been no changes in any of the portfolio managers identified in the most recent annual report on Form N-CSR.
- 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 There have been no material changes to these procedures.
- Item 11 Controls and Procedures  
(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.  
(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  
(a)(1) Code of Ethics Not Applicable to this semi-annual report  
(a)(2) Certifications Attached hereto  
(a)(3) Not Applicable  
(b) Certifications Attached hereto

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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/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: November 5, 2012

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/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: November 5, 2012

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

Date: November 5, 2012