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DEBT STRATEGIES FUND

Form N-Q

January 25, 2007

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act File number 811-8603

Name of Fund: BlackRock Debt Strategies Fund, Inc.

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

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

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

Date of fiscal year end: 02/28/2007

Date of reporting period: 09/01/06 - 11/30/06

Item 1 - Schedule of Investments

BlackRock Debt Strategies Fund, Inc.

Schedule of Investments as of November 30, 2006

(in U.S. dollars)

|                            | Face<br>Amount | Corporate Bonds                                      |
|----------------------------|----------------|--|
| Aerospace & Defense - 3.3% | \$ 5,000,000   | Alliant Techsystems, Inc., 3% due 8/15/2024 (b) (j)  |
|                            | 470,000        | Argo-Tech Corp., 9.25% due 6/01/2011                 |
|                            | 565,000        | Bombardier, Inc., 8% due 11/15/2014 (j)              |
|                            | 7,500,000      | L-3 Communications Corp., 3% due 8/01/2035 (b) (j)   |
|                            | 9,870,000      | Vought Aircraft Industries, Inc., 8% due 7/15/2011   |
| Automobiles - 0.1%         | 1,000,000      | United Auto Group, Inc., 7.75% due 12/15/2016 (j)    |
| Automotive - 3.4%          | 2,500,000      | Delco Remy International, Inc., 9.374% due 4/15/200  |
|                            | 4,900,000      | Ford Motor Co., 7.45% due 7/16/2031                  |
|                            | 750,000        | Ford Motor Credit Co., 9.824% due 4/15/2012 (c)      |
|                            | 4,500,000      | The Goodyear Tire & Rubber Co., 9.14% due 12/01/200  |
|                            | 1,830,000      | The Goodyear Tire & Rubber Co., 8.625% due 12/01/200 |
|                            | 1,620,000      | Lear Corp., 8.75% due 12/01/2016 (j)                 |
|                            | 10,050,000     | Metaldyne Corp., 11% due 6/15/2012                   |
|                            | 4,450,000      | Venture Holdings Co. LLC, 12% due 6/01/2009 (f)      |

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1,800,000 Venture Holdings Co. LLC, Series B, 9.50% due 7/01/

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Broadcasting - 4.6%

|            |   |
|------------|---|
| 5,000,000  | Canadian Satellite Radio Holdings, Inc., 12.75% due |
| 1,100,000  | LIN Television Corp. Series B, 6.50% due 5/15/2013  |
| 2,800,000  | Paxson Communications Corp., 8.757% due 1/15/2012 ( |
| 3,235,000  | Sinclair Broadcast Group, Inc. Class A, 4.875% due  |
| 11,680,000 | Sirius Satellite Radio, Inc., 9.625% due 8/01/2013  |
| 8,000,000  | XM Satellite Radio, Inc., 9.871% due 5/01/2013 (c)  |
| 2,685,000  | Young Broadcasting, Inc., 10% due 3/01/2011         |

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Cable - International - 0.1%

|         |                                    |
|---------|------------------------------------|
| 750,000 | NTL Cable Plc, 8.75% due 4/15/2014 |
|---------|------------------------------------|

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Cable - U.S. - 9.6%

|            |  |
|------------|--|
| 7,500,000  | Adelphia Communications Corp., 6% due 2/15/2006 (b)  |
| 3,450,000  | CSC Holdings, Inc., 7.25% due 7/15/2008              |
| 4,225,000  | Cablevision Systems Corp. Series B, 9.87% due 4/01/  |
| 3,750,000  | Charter Communications Holdings LLC, 10% due 4/01/2  |
| 2,000,000  | Charter Communications Holdings LLC, 11.75% due 1/1  |
| 2,000,000  | Charter Communications Holdings LLC, 11.125% due 1/  |
| 3,000,000  | Charter Communications Holdings LLC, 10% due 5/15/2  |
| 1,289,000  | Insight Midwest, LP, 9.75% due 10/01/2009            |
| 7,500,000  | Intelsat Bermuda Ltd., 11.354% due 6/15/2013 (c) (j) |
| 10,350,000 | Intelsat Intermediate Holding Co. Ltd., 9.25% due 2  |
| 2,215,000  | Intelsat Subsidiary Holdings Co. Ltd., 10.484% due   |
| 3,375,000  | Intelsat Subsidiary Holdings Co. Ltd., 8.25% due 1/  |
| 4,800,000  | Intelsat Subsidiary Holdings Co. Ltd., 8.625% due 1  |
| 1,023,000  | Loral Spacecom Corp., 14% due 11/15/2015 (h)         |
| 3,875,000  | Mediacom LLC, 9.50% due 1/15/2013                    |
| 7,260,000  | PanAmSat Corp., 9% due 6/15/2016 (j)                 |
| 10,000,000 | Rainbow National Services LLC, 10.375% due 9/01/201  |

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Chemicals - 9.8%

|           |   |
|-----------|---|
| 3,550,000 | ArCo Chemical Co., 9.80% due 2/01/2020              |
| 4,000,000 | Compass Minerals International, Inc. Series B, 12%  |
| 9,783,000 | GEO Specialty Chemicals, Inc., 13.867% due 12/31/20 |
| 1,166,000 | Huntsman International, LLC, 9.875% due 3/01/2009   |
| 1,500,000 | Innophos, Inc., 8.875% due 8/15/2014                |
| 7,650,000 | Lyondell Chemical Co., 8% due 9/15/2014             |
| 1,775,000 | Lyondell Chemical Co., 8.25% due 9/15/2016          |
| 2,400,000 | Millennium America, Inc., 7.625% due 11/15/2026     |
| 1,050,000 | Momentive Performance Materials, Inc., 10.125% due  |

BlackRock Debt Strategies Fund, Inc.

Schedule of Investments as of November 30, 2006

(in U.S. dollars)

Face  
Amount Corporate Bonds

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|              |   |
|--------------|---|
| \$17,025,000 | Nova Chemicals Corp., 8.502% due 11/15/2013 (c) |
| 10,000,000   | Omnova Solutions, Inc., 11.25% due 6/01/2010    |
| 5,025,101    | PCI Chemicals Canada, Inc., 10% due 12/31/2008  |
| 2,500,000    | PolyOne Corp., 6.89% due 9/22/2008              |

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|  |            |   |
|--|------------|---|
|  | 2,612,000  | Rockwood Specialties Group, Inc., 10.625% due 5/15/2012           |
|  | 1,405,000  | Tronox Worldwide LLC, 9.50% due 12/01/2012                        |
| -----                                    |            |   |
| Consumer - Durables - 1.7%               | 16,500,000 | Simmons Co., 11.074% due 12/15/2014 (i)                           |
| -----                                    |            |   |
| Consumer - Non-Durables - 1.8%           | 9,000,000  | Hines Nurseries, Inc., 10.25% due 10/01/2011                      |
|  | 5,750,000  | Levi Strauss & Co., 10.122% due 4/01/2012 (c)                     |
| -----                                    |            |   |
| Diversified Media - 5.3%                 | 280,000    | Affinion Group, Inc., 10.125% due 10/15/2013                      |
|  | 950,000    | Affinion Group, Inc., 11.50% due 10/15/2015                       |
|  | 2,000,000  | Cadmus Communications Corp., 8.375% due 6/15/2014                 |
|  | 7,435,133  | Houghton Mifflin Co., 12.127% due 5/15/2011 (c) (j)               |
|  | 4,250,000  | Idearc, Inc., 8% due 11/15/2016 (j)                               |
|  | 7,500,000  | Liberty Media Corp., 0.75% due 3/30/2023 (b)                      |
|  | 2,675,000  | Muzak Holdings, LLC, 13% due 3/15/2010                            |
|  | 3,875,000  | NBC Acquisition Corp., 11% due 3/15/2013 (i)                      |
|  | 580,000    | Network Communications, Inc., 10.75% due 12/01/2013               |
|  | 4,325,000  | Nielsen Finance LLC, 10% due 8/01/2014 (j)                        |
|  | 5,300,000  | Universal City Florida Holdings Co. I, 10.239% due                |
| -----                                    |            |   |
| Energy - Exploration & Production - 1.3% | 480,000    | Berry Petroleum Co., 8.25% due 11/01/2016                         |
|  | 3,000,000  | Chaparral Energy, Inc., 8.50% due 12/01/2015                      |
|  | 5,500,000  | Compton Petroleum Finance Corp., 7.625% due 12/01/2015            |
|  | 960,000    | Stone Energy Corp., 8.124% due 7/15/2010 (c) (j)                  |
| -----                                    |            |   |
| Energy - Other - 2.3%                    | 2,045,000  | Dresser-Rand Group, Inc., 7.375% due 11/01/2014                   |
|  | 8,000,000  | Ocean RIG ASA, 9.37% due 4/04/2011                                |
|  | 6,300,000  | SemGroup LP, 8.75% due 11/15/2015 (j)                             |
| -----                                    |            |   |
| Financial - 1.1%                         | 5,743,690  | Archimedes Funding III Ltd., 5.50% due 11/29/2011 (i)             |
|  | 1,500,000  | Investcorp SA, 7.54% due 10/21/2008                               |
|  | 1,210,000  | NCO Group, Inc., 10.244% due 11/15/2013 (c) (j)                   |
|  | 2,000,000  | Pennant CBO Ltd., 13.43% due 3/14/2011 (j)                        |
| -----                                    |            |   |
| Food & Tobacco - 0.1%                    | 842,946    | Archibald Candy Corp., 10% due 11/01/2007 (f)                     |
|  | 600,000    | Swift & Co., 12.50% due 1/01/2010                                 |
| -----                                    |            |   |
| Gaming - 3.7%                            | 9,250,000  | Galaxy Entertainment Finance Co. Ltd., 10.42% due 11/15/2015      |
|  | 1,250,000  | Galaxy Entertainment Finance Co. Ltd., 9.875% due 11/15/2015      |
|  | 5,250,000  | Inn of the Mountain Gods Resort & Casino, 12% due 11/15/2015      |
|  | 2,560,000  | Little Traverse Bay Bands of Odawa Indians, 10.25% due 11/15/2015 |
|  | 915,000    | Penn National Gaming, Inc., 6.75% due 3/01/2015                   |
|  | 3,400,000  | Station Casinos, Inc., 7.75% due 8/15/2016                        |
|  | 3,000,000  | Tunica-Biloxi Gaming Authority, 9% due 11/15/2015 (i)             |
| -----                                    |            |   |
| Health Care - 6.4%                       | 3,525,000  | CDRV Investors, Inc., 9.75% due 1/01/2015 (i)                     |

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|           |   |
|-----------|---|
| 4,963,829 | Cinacalcet Royalty Corp., 8% due 3/30/2017 (j)      |
| 3,525,000 | Elan Finance Plc, 7.75% due 11/15/2011              |
| 4,825,000 | Elan Finance Plc, 9.405% due 11/15/2011 (c)         |
| 9,000,000 | HealthSouth Corp., 11.418% due 6/15/2014 (c)(j)     |
| 4,475,000 | HealthSouth Corp., 10.75% due 6/15/2016 (j)         |
| 1,400,000 | Omnicare, Inc. Series OCR, 3.25% due 12/15/2035 (b) |

BlackRock Debt Strategies Fund, Inc.

Schedule of Investments as of November 30, 2006

(in U.S. dollars)

|                               | Face<br>Amount | Corporate Bonds                                      |
|-------------------------------|----------------|--|
|                               | \$ 5,000,000   | Risperdal Consta Pharma, 7% due 1/01/2018            |
|                               | 6,000,000      | Tenet Healthcare Corp., 7.375% due 2/01/2013         |
|                               | 1,400,000      | VWR International, Inc., 8% due 4/15/2014            |
|                               | 4,100,000      | Vanguard Health Holding Co. I, LLC, 11.25% due 10/0  |
| Housing - 5.6%                | 2,319,000      | Goodman Global Holdings Co., Inc., 8.329% due 6/15   |
|                               | 8,200,000      | Goodman Global Holdings Co., Inc., 7.875% due 12/15  |
|                               | 10,000,000     | Masonite Corp., 11% due 4/06/2015 (j)                |
|                               | 5,850,000      | Nortek, Inc., 8.50% due 9/01/2014                    |
|                               | 5,450,000      | Ply Gem Industries, Inc., 9% due 2/15/2012           |
|                               | 3,000,000      | Scranton Products, Inc., 12.39% due 7/01/2012 (c)    |
|                               | 1,300,000      | Scranton Products, Inc., 10.50% due 7/01/2013        |
|                               | 2,250,000      | Stanley-Martin Communities LLC, 9.75% due 8/15/2015  |
|                               | 5,000,000      | Technical Olympic USA, Inc., 8.25% due 4/01/2011 (j) |
| Information Technology - 6.9% | 6,950,000      | Amkor Technology, Inc., 9.25% due 2/15/2008          |
|                               | 3,000,000      | Amkor Technology, Inc., 7.125% due 3/15/2011         |
|                               | 720,000        | Compagnie Generale de Geophysique SA, 7.50% due 5/1  |
|                               | 1,000,000      | Cypress Semiconductor Corp., 1.25% due 6/15/2008 (b) |
|                               | 5,770,000      | Freescale Semiconductor, Inc., 9.125% due 12/15/201  |
|                               | 4,270,000      | Freescale Semiconductor, Inc., 9.244% due 12/15/201  |
|                               | 1,235,000      | Freescale Semiconductor, Inc., 10.125% due 12/15/20  |
|                               | 1,435,000      | MagnaChip Semiconductor SA, 8.61% due 12/15/2011 (c) |
|                               | 6,300,000      | SunGard Data Systems, Inc., 9.125% due 8/15/2013     |
|                               | 4,600,000      | SunGard Data Systems, Inc., 9.973% due 8/15/2013 (c) |
|                               | 4,818,000      | SunGard Data Systems, Inc., 10.25% due 8/15/2015     |
|                               | 2,925,000      | Telcordia Technologies, Inc., 10% due 3/15/2013 (j)  |
|                               | 2,775,000      | UGS Capital Corp. II, 10.348% due 6/01/2011 (h)(j)   |
|                               | 3,500,000      | Viasystems, Inc., 10.50% due 1/15/2011               |
| Leisure - 2.7%                | 5,371,156      | HRP Myrtle Beach Holdings LLC, 14.50% due 4/01/2014  |
|                               | 5,000,000      | HRP Myrtle Beach Operations LLC, 9.829% due 4/01/20  |
|                               | 5,000,000      | HRP Myrtle Beach Operations LLC, 12.50% due 4/01/20  |
|                               | 700,000        | Travelport, Inc., 9.875% due 9/01/2014 (j)           |
|                               | 750,000        | Travelport, Inc., 9.994% due 9/01/2014 (c)(j)        |
|                               | 230,000        | Travelport, Inc., 11.875% due 9/01/2016 (j)          |
|                               | 2,000,000      | True Temper Sports, Inc., 8.375% due 9/15/2011       |

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|                      |           |  |
|----------------------|-----------|--|
| Manufacturing - 1.5% | 4,000,000 | CPI Holdco, Inc., 11.298% due 2/01/2015 (c)          |
|                      | 3,815,000 | Invensys Plc, 9.875% due 3/15/2011 (j)               |
|                      | 2,465,000 | NXP B.V., 9.50% due 10/15/2015 (j)                   |
| Metal - Other - 2.7% | 1,500,000 | Indalex Holding Corp., 11.50% due 2/01/2014          |
|                      | 5,000,000 | Indalex Holding Corp., 11.50% due 2/01/2014 (j)      |
|                      | 8,500,000 | James River Coal Co., 9.375% due 6/01/2012           |
|                      | 4,550,000 | RathGibson, Inc., 11.25% due 2/15/2014               |
| Packaging - 1.9%     | 665,000   | Berry Plastics Holding Corp., 8.875% due 9/15/2014   |
|                      | 190,000   | Berry Plastics Holding Corp., 9.235% due 9/15/2014   |
|                      | 1,100,000 | Graham Packing Co., Inc., 9.875% due 10/15/2014      |
|                      | 6,215,000 | Packaging Dynamics Finance Corp., 10% due 5/01/2016  |
|                      | 6,325,000 | Wise Metals Group LLC, 10.25% due 5/15/2012          |
| Paper - 9.7%         | 6,500,000 | Abitibi-Consolidated, Inc., 8.86% due 6/15/2011 (c)  |
|                      | 9,725,000 | Ainsworth Lumber Co. Ltd., 9.249% due 10/01/2010 (c) |
|                      | 8,000,000 | Ainsworth Lumber Co. Ltd., 9.499% due 4/01/2013 (c)  |

BlackRock Debt Strategies Fund, Inc.  
 Schedule of Investments as of November 30, 2006 (in U.S. dollars)

|                        | Face<br>Amount                                      | Corporate Bonds   |
|------------------------|---|---|
|                        | \$ 2,150,000  | Boise Cascade LLC, 8.382% due 10/15/2012 (c)                    |
|                        | 900,000   | Boise Cascade LLC, 7.125% due 10/15/2014                        |
|                        | 7,600,000   | Bowater, Inc., 8.36% due 3/15/2010 (c)                          |
|                        | 3,775,000   | Domtar, Inc., 7.125% due 8/15/2015                              |
|                        | 1,555,000   | Graphic Packaging International Corp., 9.50% due 8/15/2015      |
|                        | 8,000,000   | NewPage Corp., 11.739% due 5/01/2012 (c)                        |
|                        | 4,725,000   | NewPage Corp., 12% due 5/01/2013                                |
|                        | 13,625,000  | Smurfit Kappa Funding Plc, 7.75% due 4/01/2015                  |
|                        | 1,600,000   | Smurfit-Stone Container Enterprises, Inc., 8.375% due 4/01/2015 |
|                        | 4,400,000   | Verso Paper Holdings LLC, 9.121% due 8/01/2014 (c)              |
| 530,000                | Verso Paper Holdings LLC, 11.375% due 8/01/2016 (j) |   |
| Pharmaceuticals - 0.7% | 5,000,000   | Angiotech Pharmaceuticals, Inc., 9.103% due 12/01/2015          |
| Retail - 3.7%          | 2,200,000   | Buffets, Inc., 12.50% due 11/01/2014 (j)                        |
|                        | 3,790,000   | Michaels Stores, Inc., 10% due 11/01/2014 (j)                   |
|                        | 8,660,000   | Michaels Stores, Inc., 11.375% due 11/01/2016 (j)               |
|                        | 6,000,000   | Neiman Marcus Group, Inc., 9% due 10/15/2015                    |
|                        | 5,000,000   | Neiman Marcus Group, Inc., 10.375% due 10/15/2015               |

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|                |            |  |
|----------------|------------|--|
| Service - 2.8% | 2,000,000  | Buhrmann US, Inc., 7.875% due 3/01/2015                  |
|                | 3,000,000  | Neff Rental LLC, 11.25% due 6/15/2012                    |
|                | 14,825,000 | United Rentals North America, Inc., 7.75% due 11/15/2012 |

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|                           |   |  |
|---------------------------|---|--|
| Telecommunications - 4.3% | 5,000,000   | ADC Telecommunications, Inc., 5.729% due 6/15/2013                     |
|                           | 4,905,000   | Cincinnati Bell, Inc., 7.25% due 7/15/2013                             |
|                           | 195,000   | Cincinnati Bell, Inc., 8.375% due 1/15/2014                            |
|                           | 2,600,000   | Nordic Telephone Co. Holdings ApS, 8.875% due 5/01/2014                |
|                           | 630,000   | Nortel Networks Ltd., 9.624% due 7/15/2011 (c) (j)                     |
|                           | 7,900,000   | Qwest Communications International, Inc., 8.874% due 7/15/2011 (c) (j) |
|                           | 2,675,000   | Qwest Corp., 8.61% due 6/15/2013 (c)                                   |
| 6,000,000                 | Time Warner Telecom Holdings, Inc., 9.25% due 2/15/2013 |  |

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|                       |           |  |
|-----------------------|-----------|--|
| Transportation - 0.3% | 790,000   | Britannia Bulk Plc, 11% due 12/01/2011 (j)           |
|                       | 1,760,000 | Titan Petrochemicals Group Ltd., 8.50% due 3/18/2011 |

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|                |           |  |
|----------------|-----------|--|
| Utility - 1.9% | 4,142,000 | Centerpoint Energy, Inc. Series B, 3.75% due 5/15/2014 |
|                | 1,150,000 | Conexant Systems, Inc., 9.124% due 11/15/2010 (c) (j)  |
|                | 510,000   | Dynegy Holdings, Inc., 8.375% due 5/01/2016            |
|                | 4,000,000 | El Paso Performance-Linked Trust, 7.75% due 7/15/2014  |
|                | 440,000   | Reliant Energy, Inc., 9.50% due 7/15/2013              |
|                | 1,425,000 | Williams Cos., Inc., 8.625% due 6/01/2010              |

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|                                |           |   |
|--------------------------------|-----------|---|
| Wireless Communications - 2.0% | 5,250,000 | Cricket Communications, Inc., 9.375% due 11/01/2014 |
|                                | 2,150,000 | FiberTower Corp., 9% due 11/15/2012 (b) (j)         |
|                                | 2,500,000 | iPCS Escrow Co., 11.50% due 5/01/2012               |
|                                | 300,000   | West Corp., 9.50% due 10/15/2014 (j)                |
|                                | 3,270,000 | West Corp., 11% due 10/15/2016 (j)                  |

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Total Corporate Bonds (Cost - \$741,417,950) - 101.3%

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Floating Rate Loan Interests\*\*

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|                 |           |   |
|-----------------|-----------|---|
| Airlines - 1.1% | 3,000,000 | Delta Air Lines Term Loan B, 10.118% due 3/16/2008          |
|                 | 3,000,000 | Delta Air Lines Term Loan C, 12.773% due 3/16/2008          |
|                 | 248,750   | United Air Lines Delay Draw Term Loan, 9.125% due 2/01/2012 |
|                 | 1,741,250 | United Air Lines Term Loan B, 9.12% due 2/01/2012           |

BlackRock Debt Strategies Fund, Inc.  
Schedule of Investments as of November 30, 2006

(in U.S. dollars)

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|  | Face<br>Amount | Floating Rate Loan Interests**   |
|--|----------------|--|
| Automotive - 3.8%                        | \$ 7,775,042   | Delphi Automotive Systems Term Loan B, 13.75% due 6/15/2014                        |
|  | 1,685,185      | Intermet Corp. Letter of Credit, 10.20% due 11/08/2010                             |
|  | 4,814,815      | Intermet Corp. Term Loan B, 10.39% due 11/08/2010                                  |
|  | 4,000,000      | JL French Corp. First Lien Term Loan, 8.375% due 6/15/2014                         |
|  | 2,000,000      | JL French Corp. Second Lien Term Loan, 10.75% due 6/15/2014                        |
|  | 2,185,236      | Tenneco Automotive, Inc. Term Loan B, 7.36% due 12/12/2010                         |
|  | 959,936        | Tenneco Automotive, Inc. Tranche B-1 Credit Linked Term Loan, 7.36% due 12/12/2010 |
|  | 5,750,000      | Visteon Corp. Term Loan B, 8.61% due 6/13/2013                                     |
| Broadcasting - 1.1%                      | 6,500,000      | Ellis Communications Term Loan, 10% due 12/30/2011                                 |
|  | 1,500,000      | Persona Communications Second Lien Term Loan, 11.32% due 12/30/2011                |
| Cable - U.S. - 9.1%                      | 10,000,000     | Adelphia Communications Corp. Term Loan B, 10.25% due 12/31/2009                   |
|  | 8,317,962      | Cebridge Connections Second Lien Term Loan, 11.49% due 11/06/2010                  |
|  | 4,310,344      | Cebridge Connections Term Loan B, 7.62% due 11/06/2010                             |
|  | 7,000,000      | Century Cable Holdings LLC Discretionary Term Loan, 10.00% due 12/31/2009          |
|  | 20,000,000     | Charter Communications, Inc. Term Loan B, 8.005% due 12/31/2014                    |
|  | 6,750,000      | Insight Midwest Holdings LLC Delayed Draw Term Loan, 10.00% due 4/03/2014          |
|  | 2,250,000      | Insight Midwest Holdings LLC Term Loan B, 5.32% due 12/31/2014                     |
|  | 6,000,000      | Olympus Cable Holdings LLC Term Loan B, 10.25% due 6/30/2010                       |
|  | 1,500,000      | Olympus Cable Holdings LLC Tranche 2 Term Loan A, 9.00% due 6/30/2010              |
| Chemicals - 2.1%                         | 2,809,462      | Huntsman ICI Holdings Term Loan B, 7.07% due 8/16/2012                             |
|  | 741,000        | NuSil Technology Term Loan, 8.07% due 10/31/2013                                   |
|  | 3,152,000      | Rockwood Specialties Group, Inc. Tranche D Term Loan, 12.121% due 12/13/2012       |
|  | 10,000,000     | Wellman, Inc. Second Lien Term Loan, 12.121% due 2/15/2014                         |
| Consumer - Non-Durables - 0.1%           | 300,000        | Gold Toe Investment Corp. Second Lien Term Loan, 11.00% due 4/30/2014              |
|  | 662,069        | Renfro Corp. Term Loan B, 8.61% - 10.50% due 9/30/2013                             |
| Diversified Media - 1.0%                 | 7,000,000      | Idearc, Inc. Term Loan B, 7.32% due 11/15/2014                                     |
| Energy - Exploration & Production - 1.6% | 10,000,000     | Frontier Drilling Term Loan B, 8.64% - 8.69% due 6/15/2014                         |
|  | 500,000        | Longyear Global Holdings, Inc. Second Lien Term Loan, 10.00% due 10/31/2013        |
|  | 1,243,750      | MEG Energy Corp. Term Loan B, 7.375% due 4/03/2013                                 |

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BlackRock Debt Strategies Fund, Inc.

Schedule of Investments as of November 30, 2006

(in U.S. dollars)

|                               | Face<br>Amount | Floating Rate Loan Interests**                                       |
|-------------------------------|----------------|--|
| -----                         |                |  |
| Energy - Other - 1.3%         | \$ 468,153     | Coletto Creek Wle LP Letter of Credit, 8.128% due 7/                 |
|                               | 31,847         | Coletto Creek Wle LP Term Loan B, 8.128% due 7/31/20                 |
|                               | 1,000,000      | Exco Resources, Inc. Second Lien Term Loan, 11.32%                   |
|                               | 8,000,000      | Scorpion Drilling Ltd. Second Lien Term Loan, 13.57%                 |
| -----                         |                |  |
| Financial - 1.0%              | 6,000,000      | JG Wentworth Manufacturing Term Loan, 8.867% 4/12/2                  |
|                               | 250,000        | Kyle Acquisition Term Loan B, 8.875% due 7/20/2009                   |
|                               | 1,000,000      | Nielsen Finance LLC Term Loan B, 8.125% due 8/15/20                  |
| -----                         |                |  |
| Food & Tobacco - 2.5%         | 1,000,000      | Bolthouse Farms, Inc. Second Lien Term Loan, 10.867%                 |
|                               | 2,801,750      | Commonwealth Brands Term Loan, 7.688% due 12/22/201                  |
|                               | 1,000,000      | DS Waters Enterprises, LP Term Loan B, 7.82% due 11                  |
|                               | 465,116        | Dole Food Co., Inc. Letter of Credit, 5.244% due 4/                  |
|                               | 1,041,279      | Dole Food Co., Inc. Term Loan B, 7.438% - 9.25% due                  |
|                               | 3,470,930      | Dole Food Co., Inc. Term Loan C, 7.313% - 9.25% due                  |
|                               | 1,000,000      | Eight O'Clock Coffee Second Lien Term Loan, 8.125%                   |
|                               | 6,000,000      | QCE LLC Second Lien Term Loan, 11.117% due 11/05/20                  |
|                               | 2,070,000      | S&C Holdco 2, Inc. Term Loan, 8% due 3/19/2010                       |
| -----                         |                |  |
| Gaming - 0.7%                 | 5,000,000      | Venetian Macau U.S. Finance Co. LLC Term Loan B, 8.                  |
| -----                         |                |  |
| Housing - 0.8%                | 4,672,338      | Headwaters, Inc. Term Loan B-1, 7.38% due 4/30/2011                  |
|                               | 1,000,000      | Ply Gem Industries, Inc. First Lien Term Loan, 11.0                  |
| -----                         |                |  |
| Information Technology - 3.4% | 3,787,892      | Activant Solutions Term Loan B, 7.375% - 7.438% due                  |
|                               | 1,000,000      | Advanced Micro Devices, Inc. Term Loan B, 7.57% due                  |
|                               | 8,000,000      | Aspect Software Second Lien Term Loan, 12.375% due                   |
|                               | 3,027,500      | Fidelity National Information Solutions, Inc. Term<br>due 3/08/2013  |
|                               | 3,500,000      | The Reynolds and Reynolds Company Third Lien Term L<br>10/31/2014    |
|                               | 3,324,375      | Telcordia Technologies, Inc. Term Loan, 7.86% - 7.9                  |
|                               | 2,000,000      | Verifone, Inc. Term Loan B, 7.07% due 2/28/2013                      |
| -----                         |                |  |
| Metal - Other - 1.2%          | 4,010,526      | Euramax International Plc Second Lien Term Loan, 12<br>due 6/29/2013 |
|                               | 1,989,474      | Euramax International Plc Second Lien Term Loan, 12<br>due 6/29/2013 |
|                               | 2,551,265      | Euramax International Plc Tranche 3 Term Loan B, 8.<br>due 6/29/2012 |



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|                  |           |  |
|------------------|-----------|--|
| Packaging - 0.8% | 3,832,759 | Anchor Glass Container Corp. Term Loan B, 7.617% - due 5/03/2013 |
|                  | 2,000,000 | Graham Packaging Co. LP Second Lien Term Loan, 9.68%             |

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BlackRock Debt Strategies Fund, Inc.  
 Schedule of Investments as of November 30, 2006 (in U.S. dollars)

|                | Face<br>Amount | Floating Rate Loan Interests**                       |
|----------------|----------------|--|
| Retail - 0.1%  | \$ 1,000,000   | Petco Animal Supplies, Inc. Term Loan, 8.07% - 8.10% |
| Service - 1.3% | 3,500,000      | NES Rentals Holdings, Inc. Term Loan C, 12.125% due  |
|                | 6,049,200      | Waste Services, Inc. Term Loan B, 8.32% - 10.50% du  |

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|                           |           |  |
|---------------------------|-----------|--|
| Telecommunications - 0.7% | 500,000   | Time Warner Telecom Term Loan, 7.57% due 10/31/2013                    |
|                           | 3,161,871 | Winstar Communications Debtor in Possession, 6.366% due 12/31/2006 (f) |

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|                |           |   |
|----------------|-----------|---|
| Utility - 1.7% | 2,000,000 | Calpine Corp. Second Lien Debtor in Possession, 9.3% due 12/20/2007 |
|                | 1,995,000 | Covanta Energy Corp. Delay Draw Term Loan, 7.621% d                 |
|                | 3,250,000 | Covanta Energy Corp. Second Lien Term Loan, 10.871%                 |
|                | 4,000,000 | Generac Portable Products, Inc. Second Lien Term Lo due 5/15/2014   |
|                | 750,000   | NE Energy Second Lien Term Loan, 7.82% due 10/31/20                 |

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|                                |           |  |
|--------------------------------|-----------|--|
| Wireless Communications - 1.2% | 5,500,000 | Centennial Cellular Operating Co. Term Loan, 7.57% due 2/09/2011 |
|                                | 3,000,000 | West Corp. Term Loan, 8.07% due 10/31/2013                       |

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Total Floating Rate Loan Interests (Cost - \$264,228)

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|                     | Shares<br>Held | Common Stocks                         |
|---------------------|----------------|---------------------------------------|
| Cable - U.S. - 0.6% | 149,627        | Loral Space & Communications Ltd. (e) |
| Chemicals - 0.1%    | 339,340        | GEO Specialty Chemicals, Inc. (e)     |

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|  |                           |   |
|--|---------------------------|---|
| Financial - 0.3%                                 | 35,000                    | Preferred Term Securities VI (j)                                      |
| Food & Tobacco - 0.3%                            | 1,428,423                 | Viskase Cos., Inc. (e)  |
| Leisure - 0.1%                                   | 5,000<br>27,787           | HRP PIK Corp. Class B (j)<br>Lodgian, Inc. (e)                        |
| Manufacturing - 0.9%                             | 724,291<br>403<br>286,757 | ACP Holding Co. (e)<br>GenTek Inc. (e)<br>Medis Technologies Ltd. (e) |
| Paper - 0.0%                                     | 211,149                   | Western Forest Products, Inc. (e)                                     |
| Service - 0.4%                                   | 90,876                    | Outsourcing Solutions Inc. (e)  |
| Steel - 0.0%                                     | 41,149                    | Acme Package Corp. Senior Holdings (e) (l)                            |
| Total Common Stocks (Cost - \$22,346,702) - 2.7% |                           |   |

Preferred Stocks

|  |                |   |
|--|----------------|---|
| Automotive - 0.6%                                  | 200,000        | General Motors Corp. Series C, 6.25% (b)  |
| Cable - U.S. - 0.3%                                | 5,000<br>9,594 | Adelphia Communications Corp., Series B, 13% (e)<br>Loral Spacecom Corp., Series A, 12% (e) (h) |
| Total Preferred Stocks (Cost - \$7,243,044) - 0.9% |                |   |

Warrants (a)

|                     |         |  |
|---------------------|---------|--|
| Broadcasting - 0.0% | 15,000  | Sirius Satellite Radio, Inc. (expires 5/15/2009) |
| Health Care - 0.0%  | 126,761 | HealthSouth Corp. (expires 1/16/2014)            |

BlackRock Debt Strategies Fund, Inc.  
Schedule of Investments as of November 30, 2006 (in U.S. dollars)

Shares  
Held Warrants (a)

|                      |                |   |
|----------------------|----------------|---|
| Manufacturing - 0.1% | 652,739<br>471 | ACP Holding Co. (expires 9/30/2013)<br>GenTek Inc. Tranche B (expires 11/10/2008) |
|----------------------|----------------|---|

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231 GenTek Inc. Tranche C (expires 11/10/2010)

Paper - 0.0% 17 Cellu Tissue Holdings, Inc. (expires 5/08/2007)  
7,000 MDP Acquisitions Plc (expires 10/01/2013)

Wireless Communications - 0.1% 1,325 American Tower Corp. (expires 8/01/2008)  
Total Warrants (Cost - \$870,754) - 0.2%

|   | Beneficial<br>Interest | Other Interests (g)                                 |
|---|------------------------|---|
| Automotive - 0.0%                         | \$ 3,614,601           | Cambridge Industries, Inc. (Litigation Trust Certif |
| Total Other Interests (Cost - \$0) - 0.0% |                        |   |

Short-Term Securities

|  |            |   |
|--|------------|---|
|  | 10,729,351 | BlackRock Liquidity Series, LLC Cash Sweep Series I |
| Total Short-Term Securities (Cost - \$10,729,351) -  |            |   |
| Total Investments (Cost - \$1,046,836,067*) - 143.2% |            |   |
| Liabilities in Excess of Other Assets - (43.2%)      |            |   |
| Net Assets - 100.0%                                  |            |   |

\* The cost and unrealized appreciation (depreciation) of investments as of November 30, 2006, as computed for federal income tax purposes, were as follows:

|                               |                  |
|-------------------------------|------------------|
| Aggregate cost                | \$ 1,046,578,127 |
|                               | =====            |
| Gross unrealized appreciation | \$ 32,895,947    |
| Gross unrealized depreciation | (44,118,753)     |
|                               | -----            |
| Net unrealized depreciation   | \$ (11,222,806)  |
|                               | =====            |

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

(a) 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.

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- (b) Convertible security.
- (c) Floating rate security.
- (d) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate   | Net Activity  | Interest  |
|---|---------------|-----------|
| BlackRock Liquidity Series, LLC Cash Sweep Series I | \$ 10,729,351 | \$218,222 |

- (e) Non-income producing security.
- (f) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.
- (g) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (h) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares.
- (i) Represents a step bond; the interest rate shown reflects the effective yield at the time of purchase.
- (j) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (k) Represents the current yield as of November 30, 2006.
- (l) Restricted securities as to resale, representing 0.0% of net assets, were as follows:

| Issue                              | Acquisition Date | Cost | Value |
|------------------------------------|------------------|------|-------|
| Acme Package Corp. Senior Holdings | 11/25/2002       | --   | --    |

- (m) As a result of bankruptcy proceedings, the company did not repay the principal amount of the security upon maturity and is non-income producing.
- o 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 ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percentage of net assets.

BlackRock Debt Strategies Fund, Inc.  
 Schedule of Investments as of November 30, 2006 (in U.S. dollars)

- o Swaps outstanding as of November 30, 2006 were as follows:

|   | Notional Amount | Unrealized Appreciation |
|---|-----------------|-------------------------|
| Sold credit default protection on General Motors Corp. and receive 5% |                 |                         |

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|  |              |                       |
|--|--------------|-----------------------|
| Broker, Citibank N.A.<br>Expires December 2006                           | \$ 8,000,000 | \$ 601,704            |
| Sold credit default protection on General Motors Corp.<br>and receive 5% |              |                       |
| Broker, Lehman Brothers Special Finance<br>Expires December 2006         | \$ 7,000,000 | 578,991               |
| -----  |              |                       |
| Total  |              | \$ 1,180,695<br>===== |

Item 2 - Controls and Procedures

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

Item 3 - Exhibits

Certifications - Attached hereto

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

BlackRock Debt Strategies Fund, Inc.

By: /s/ Robert C. Doll, Jr.

-----  
Robert C. Doll, Jr.  
Chief Executive Officer  
BlackRock Debt Strategies Fund, Inc.

Date: January 23, 2007

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/ Robert C. Doll, Jr.

-----  
Robert C. Doll, Jr.

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Chief Executive Officer  
BlackRock Debt Strategies Fund, Inc.

Date: January 23, 2007

By: /s/ Donald C. Burke

-----  
Donald C. Burke  
Chief Financial Officer  
BlackRock Debt Strategies Fund, Inc.

Date: January 23, 2007