

Edgar Filing: BLACKROCK DEBT STRATEGIES FUND, INC. - Form N-Q

BLACKROCK DEBT STRATEGIES FUND, INC.

Form N-Q

July 28, 2008

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 811-08603

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, 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: (800) 882-0052, Option 4

Date of fiscal year end: 02/28/2009

Date of reporting period: 03/01/2008 - 05/31/2008

Item 1 - Schedule of Investments

BlackRock Debt Strategies Fund, Inc.  
Schedule of Investments May 31, 2008 (Unaudited)  
(Percentages shown are based on Net Assets)

| Industry                   | Corporate Bonds  |
|----------------------------|--|
| Aerospace & Defense - 1.3% | Alliant Techsystems, Inc., 3%, 8/15/24 (a) (b)   |
| Auto Components - 0.9%     | Allison Transmission, 11.25%, 11/01/15 (b) (c)<br>The Goodyear Tire & Rubber Co., 8.625%, 12/01/11<br>Lear Corp., 8.75%, 12/01/16<br>Metaldyne Corp., 11%, 6/15/12<br>Venture Holdings Co. LLC, 12%, 6/01/09 (d) (n)<br>Venture Holdings Co. LLC Series B, 9.50%,<br>7/01/05 (d) (e) (n) |
| Building Products - 1.5%   | CPG International I, Inc., 9.904%, 7/01/12 (f)<br>CPG International I, Inc., 10.50%, 7/01/13<br>Masonite International Corp., 11%, 4/06/15   |

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|   |  |
|---|--|
| Capital Markets - 1.8%  | E*Trade Financial Corp., 12.50%, 11/30/17 (b)  |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Chemicals - 6.0%  | American Pacific Corp., 9%, 2/01/15<br>ArCo Chemical Co., 9.80%, 2/01/20<br>GEO Specialty Chemicals Inc., 7.50%, 3/31/15 (a)<br>GEO Specialty Chemicals, Inc., 11.283%,<br>12/31/09 (a)<br>Hanna (M.A.) Co., 6.89%, 9/22/08<br>Hexion U.S. Finance Corp., 7.176%,<br>11/15/14 (f)<br>MacDermid, Inc., 9.50%, 4/15/17 (b)<br>NOVA Chemicals Corp., 5.953%, 11/15/13 (f) |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Commercial Banks - 0.2%   | Investcorp SA, 7.54%, 10/21/08   |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Commercial Services &<br>Supplies - 1.6%  | PNA Intermediate Holding Corp., 9.676%,<br>2/15/13 (c)(f)<br>Sally Holdings LLC, 10.50%, 11/15/16<br>US Investigations Services, Inc., 10.50%, 11/01/15 (b)<br>West Corp., 11%, 10/15/16   |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Construction Materials - 1.8%   | Nortek Holdings, Inc., 10%, 12/01/13 (b)<br>Nortek, Inc., 8.50%, 9/01/14   |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Containers & Packaging - 4.6%   | Berry Plastics Holding Corp., 6.651%,<br>9/15/14 (f)<br>Berry Plastics Holding Corp., 8.875%, 9/15/14<br>Graphic Packaging International Corp., 9.50%, 8/15/13<br>Packaging Dynamics Finance Corp., 10%, 5/01/16 (b)<br>Smurfit Kappa Funding Plc, 7.75%, 4/01/15  |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| BlackRock Debt Strategies Fund, Inc.<br>Schedule of Investments May 31, 2008 (Unaudited)<br>(Percentages shown are based on Net Assets) |  |
| Industry  | Corporate Bonds  |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Distributors - 0.3%   | Smurfit-Stone Container Enterprises, Inc., 8.375%, 7/01/12<br>Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17<br>Wise Metals Group LLC, 10.25%, 5/15/12   |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Diversified Consumer<br>Services - 0.6%   | NBC Acquisition Corp., 11%, 3/15/13 (m)  |
| <hr style="border-top: 1px dashed #000;"/>  |  |
| Diversified Financial   | Archimedes Funding III Ltd., 5.50%, 11/29/11 (b)   |

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|---|---|
| Services - 1.3%                               | Ford Motor Credit Co. LLC, 5.80%, 1/12/09<br>Ford Motor Credit Co. LLC, 5.46%, 1/13/12 (f)<br>Ford Motor Credit Co. LLC, 7.163%, 4/15/12 (f)<br>Preferred Term Securities VI, Ltd. (b)  |
| -----   |   |
| Diversified Telecommunication Services - 0.4% | Qwest Corp., 6.026%, 6/15/13 (f)  |
| -----   |   |
| Electric Utilities - 0.9%                     | NSG Holdings LLC, 7.75%, 12/15/25 (b)   |
| -----   |   |
| Electronic Equipment & Instruments - 1.1%     | Muzak Holdings, LLC, 13%, 3/15/10 (m)<br>NXP BV, 5.463%, 10/15/13 (f)   |
| -----   |   |
| Energy Equipment & Services - 2.4%            | Compagnie Generale de Geophysique-Veritas, 7.50%, 5/15/15<br>Ocean RIG ASA, 6.791%, 4/04/11 (f)<br>SemGroup LP, 8.75%, 11/15/15 (b)   |
| -----   |   |
| Food & Staples Retailing - 0.2%               | Rite Aid Corp., 9.375%, 12/15/15  |
| -----   |   |
| Gas Utilities - 0.5%                          | El Paso Performance-Linked Trust, 7.75%, 7/15/11 (b)  |
| -----   |   |
| Health Care Equipment & Supplies - 3.2%       | LVB Acquisition Merger Sub, Inc., 10%, 10/15/17 (b)<br>LVB Acquisition Merger Sub, Inc., 10.375%, 10/15/17 (b) (c)<br>LVB Acquisition Merger Sub, Inc., 11.625%, 10/15/17 (b)<br>ReAble Therapeutics Finance LLC, 10.875%, 11/15/14 (b) |
| -----   |   |
| Health Care Providers & Services - 0.6%       | Community Health Systems, Inc. Series WI, 8.875%, 7/15/15<br>Universal Hospital Services, Inc., 6.303%, 6/01/15 (f)   |
| -----   |   |
| Hotels, Restaurants & Leisure - 7.1%          | HRP Myrtle Beach Operations LLC, 7.383%, 4/01/12 (b) (f)  |

BlackRock Debt Strategies Fund, Inc.  
 Schedule of Investments May 31, 2008 (Unaudited)  
 (Percentages shown are based on Net Assets)

|          |   |
|----------|---|
| Industry | Corporate Bonds   |
| -----    |   |
|          | HRP Myrtle Beach Operations LLC, 12.50%, 4/01/13 (b)<br>HRP Myrtle Beach Holdings LLC, 14.50%, 4/01/14 (b) (c)<br>Harrah's Operating Co., Inc., 10.75%,<br>2/01/16 (b)<br>Harrah's Operating Co., Inc., 10.75%,<br>2/01/18 (b) (c)<br>Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (b) |

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Pinnacle Entertainment, Inc., 7.50%,  
 6/15/15 (b)  
 Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (b)  
 Snoqualmie Entertainment Authority, 6.936%, 2/01/14 (b) (f)  
 Station Casinos, Inc., 7.75%, 8/15/16  
 Travelport LLC, 7.307%, 9/01/14 (f)  
 Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (d)  
 Tunica-Biloxi Gaming Authority, 9%,  
 11/15/15 (b)  
 Universal City Florida Holding Co. I, 7.623%, 5/01/10 (f)

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 Household Durables - 0.6%

Jarden Corp., 7.50%, 5/01/17  
 Stanley-Martin Communities LLC, 9.75%, 8/15/15  
 The Yankee Candle Co., Inc., 9.75%, 2/15/17

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 Independent Power Producers &  
 Energy Traders - 1.0%

Energy Future Holding Corp., 11.25%, 11/01/17 (b) (c)  
 Texas Competitive Electric Holdings Co. LLC, 10.50%, 11/01/16

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 Insurance - 0.6%

Alliant Holdings I, Inc., 11%, 5/01/15 (b)  
 USI Holdings Corp., 6.551%, 11/15/14 (b) (f)

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 Machinery - 1.0%

Esco Corp., 6.651%, 12/15/13 (b) (f)  
 RBS Global, Inc., 8.875%, 9/01/16  
 Titan International, Inc., 8%, 1/15/12

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 Marine - 0.3%

Navios Maritime Holdings, Inc., 9.50%, 12/15/14

BlackRock Debt Strategies Fund, Inc.  
 Schedule of Investments May 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

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 Industry

Corporate Bonds

Titan Petrochemicals Group Ltd., 8.50%, 3/18/12 (b)

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 Media - 7.4%

Affinion Group, Inc., 10.125%, 10/15/13  
 Affinion Group, Inc., 11.50%, 10/15/15  
 Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (f)  
 Cadmus Communications Corp., 8.375%, 6/15/14  
 Canadian Satellite Radio Holdings, Inc., 12.75%, 2/15/14  
 Charter Communications Holdings LLC, 10%, 4/01/09  
 Charter Communications Holdings LLC, 11.125%, 1/15/11  
 Charter Communications Holdings LLC, 10%, 5/15/11

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Mediacom LLC, 9.50%, 1/15/13  
 Network Communications, Inc., 10.75%, 12/01/13  
 Nielsen Finance LLC, 10%, 8/01/14 (b)  
 Paxson Communications Corp., 5.963%, 1/15/12 (b) (f)  
 Sinclair Broadcast Group, Inc. Class A, 4.875%, 7/15/18 (a) (m)  
 Sirius Satellite Radio, Inc., 9.625%, 8/01/13  
 TL Acquisitions, Inc., 10.50%, 1/15/15 (b)  
 Windstream Regatta Holdings, Inc., 11%, 12/01/17 (b)

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 Metals & Mining - 2.4%

Aleris International, Inc., 9%, 12/15/14 (c)  
 Aleris International, Inc., 10%, 12/15/16  
 Indalex Holding Corp. Series B, 11.50%, 2/01/14  
 RathGibson, Inc., 11.25%, 2/15/14  
 Ryerson, Inc., 10.248%, 11/01/14 (b) (f)

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 Oil, Gas & Consumable  
 Fuels - 0.9%

Chaparral Energy, Inc., 8.50%, 12/01/15  
 Compton Petroleum Finance Corp., 7.625%, 12/01/13  
 SandRidge Energy, Inc., 6.416%, 4/01/14 (b) (f)

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 Paper & Forest Products - 7.1%

Abitibi-Consolidated, Inc., 6.276%, 6/15/11 (f)

BlackRock Debt Strategies Fund, Inc.  
 Schedule of Investments May 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

Industry

Corporate Bonds

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 Ainsworth Lumber Co. Ltd., 6.551%,  
 10/01/10 (f)  
 Ainsworth Lumber Co. Ltd., 7.25%, 10/01/12  
 Ainsworth Lumber Co. Ltd., 6.801%, 4/01/13 (f)  
 Bowater, Inc., 9%, 8/01/09  
 Bowater, Inc., 5.776%, 3/15/10 (f)  
 Domtar Corp., 7.125%, 8/15/15  
 NewPage Corp., 9.123%, 5/01/12 (f)  
 NewPage Corp., 10%, 5/01/12 (b)  
 NewPage Corp., 12%, 5/01/13  
 Verso Paper Holdings LLC Series B, 6.623%, 8/01/14 (f)

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 Pharmaceuticals - 2.0%

Angiotech Pharmaceuticals, Inc., 6.432%, 12/01/13 (f)  
 Elan Finance Plc, 6.676%, 11/15/11 (f)  
 Elan Finance Plc, 7.75%, 11/15/11

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 Real Estate Investment Trusts  
 (REITs) - 0.3%

RAIT Financial Trust, 6.875%, 4/15/27 (a) (b)

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|--|--|
| Real Estate Management &<br>Development - 1.5%     | Realogy Corp., 10.50%, 4/15/14<br>Realogy Corp., 11%, 4/15/14 (c)<br>Realogy Corp., 12.375%, 4/15/15   |
| <hr/>  |  |
| Road & Rail - 0.3%                                 | Swift Transportation Co., Inc., 10.426%, 5/15/15 (b) (f)   |
| <hr/>  |  |
| Semiconductors & Semiconductor<br>Equipment - 0.6% | Freescale Semiconductor, Inc., 8.875%, 12/15/14<br>Spansion, Inc., 5.807%, 6/01/13 (b) (f)   |
| <hr/>  |  |
| Software - 0.2%                                    | BMS Holdings, Inc., 9.954%, 2/15/12 (b) (c) (f)  |
| <hr/>  |  |
| Specialty Retail - 3.3%                            | Buffets, Inc., 12.50%, 11/01/14 (d) (g)<br>General Nutrition Centers, Inc., 7.199%, 3/15/14 (c) (f)<br>General Nutrition Centers, Inc., 10.75%, 3/15/15<br>Michaels Stores, Inc., 10%, 11/01/14<br>Michaels Stores, Inc., 11.375%, 11/01/16<br>Movie Gallery, Inc., 11%, 5/01/12 (d)<br>United Auto Group, Inc., 7.75%, 12/15/16 |
| <hr/>  |  |
| Wireless Telecommunication<br>Services - 3.5%      | Centennial Communications Corp., 8.541%, 1/01/13 (f)   |

BlackRock Debt Strategies Fund, Inc.  
Schedule of Investments May 31, 2008 (Unaudited)  
(Percenages shown are based on Net Assets)

|                            |   |
|----------------------------|---|
| Industry                   | Corporate Bonds   |
| <hr/>                      |   |
|                            | Cricket Communications, Inc., 9.375%, 11/01/14<br>Cricket Communications, Inc., 9.375%, 11/01/14 (b)<br>Digicel Group Ltd., 8.875%, 1/15/15 (b)<br>Digicel Group Ltd., 9.125%, 1/15/15 (b) (c)<br>FiberTower Corp., 9%, 11/15/12 (a)<br>FiberTower Corp., 9%, 11/15/12 (a) (b)<br>iPCS, Inc., 4.998%, 5/01/13 (f)<br>Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (b)<br>Orascom Telecom Finance SCA, 7.875%, 2/08/14 (b) |
| <hr/>                      |   |
|                            | Total Corporate Bonds - 71.3%   |
| <hr/>                      |   |
|                            | Senior Floating Rate Loan Interests   |
| <hr/>                      |   |
| Aerospace & Defense - 0.2% | Hawker Beechcraft Acquisition Co. LLC Letter of Credit,   |

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4.73%, 3/31/14  
Hawker Beechcraft Acquisition Co. LLC Term Loan B,  
4.696% - 6.83%, 3/31/14  
IAP Worldwide Services, Inc. Term Loan, 9.0%, 12/31/12

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Airlines - 0.6%                      Delta Air Lines, Inc. First Lien Term Loan, 2.55% - 6.83%, 5/  
US Airways Group, Inc. Term Loan B, 5.18%,  
3/22/14  
United Air Lines, Inc. Term Loan B, 4.69% - 4.94%, 1/30/14

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Auto Components - 2.6%                      Allison Transmission Term Loan B, 5.48% - 7.90%, 8/07/14  
Delphi Automotive Systems Term Loan, 8.50%, 12/31/08  
Goodyear Tire & Rubber Co., Second Lien Term Loan, 4.54%, 4/3  
Intermet Corp. Letter of Credit, 7.94%, 11/08/10  
Intermet Corp. Term Loan B, 7.99%, 11/08/10  
Metaldyne Corp. Letter of Credit, 5.17% - 6.50%, 1/15/12  
Metaldyne Corp. Term Loan B, 6.50%, 1/15/14  
TRW Automotive, Inc. Term Loan B, 4.69% - 6.88%, 12/31/13

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BlackRock Debt Strategies Fund, Inc.  
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Industry                                      Senior Floating Rate Loan Interests

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Beverages - 0.2%                      Culligan International Second Lien Term Loan, 8.84%, 4/24/13

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Biotechnology - 0.2%                      Talecris Biotherapeutics, Inc. First Lien Term Loan, 6.57%, 1

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Building Products - 1.0%                      Building Material Corp. of America First Lien Term Loan,  
5.688%, 2/22/14  
Masonite International Term Loan, 4.63% - 5.046%, 4/06/13  
Masonite International Term Loan B, 4.63% - 5.046%, 4/06/13

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Chemicals - 4.7%                      Flint Group Term Loan, 4.88%, 12/20/14  
Huish Detergents, Inc. First Lien Term Loan, 4.70%, 4/15/14  
Huish Detergents, Inc. Second Lien Term Loan, 6.95%, 10/15/14  
Huntsman ICI Holdings Term Loan B, 6.615%, 8/16/12  
Ineos Group Plc Term Loan B, 4.885%, 2/20/15  
Ineos Group Plc Term Loan C, 5.385%, 2/20/14  
PQ Corp. First Lien Term Loan, 6.15%, 5/29/15  
PQ Corp. Second Lien Term Loan, 9.40%, 5/29/16  
Rockwood Specialties Group, Inc. Tranche D Term Loan,  
4.399%, 12/10/12  
Solutia, Inc. Term Loan, 15.50%, 4/21/15  
Wellman, Inc. Second Lien Term Loan, 11.66%, 2/10/10 (d)

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Commercial Services &  
Supplies - 5.2%

ARAMARK Corp. Letter of Credit, 5.198%,  
1/30/14  
ARAMARK Corp. Term Loan B, 4.57%, 1/30/14  
Euramax International Plc First Lien Term Loan, 7.813%, 6/29/  
Euramax International Plc Second Lien Term Loan, 12.646%, 6/2/  
Jason, Inc. Term Loan B, 7.25%, 4/30/10  
John Maneely Co. Term Loan B, 5.966% - 6.02%, 12/15/13  
NES Rentals Holdings, Inc. Term Loan C, 11.875%, 7/12/13  
Service Master Bridge Loan, 8.42%, 7/28/08

BlackRock Debt Strategies Fund, Inc.  
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Industry

Senior Floating Rate Loan Interests

Waste Services, Inc. Term Loan D, 5.15%, 3/31/11  
West Corp. Term Loan, 5.465% - 6.093%, 10/31/13

Communications  
Equipment - 1.2%

Alltel Corp. Term Loan B3, 5.466% - 5.568%, 5/18/15  
SafeNet, Inc. First Lien Term Loan, 5.46%, 5/11/15

Computers & Peripherals - 0.2%

Intergraph Corp. Term Loan, 5.27% - 7.08%, 5/15/14  
Intergraph Corp. Term Loan, 9.09%, 11/15/14

Construction & Engineering - 0.1%

Brand Energy & Infrastructure Services, Inc. Term Loan B,  
5.0% - 5.188%, 2/15/14

Construction Materials - 0.3%

Headwaters, Inc. Term Loan B-1, 4.90%, 4/30/11

Containers & Packaging - 1.6%

Anchor Glass Container Corp. Term Loan B, 5.113%, 5/03/13  
Berry Plastics Corp. Term Loan B, 9.728% - 11.646%, 6/15/14  
Consolidated Container Co. LLC Second Lien Term Loan,  
8.751% - 10.581%, 10/15/14  
Graham Packaging Co. LP Term Loan B, 7.188% - 8.0%, 4/15/11

Distributors - 0.2%

Keystone Automotive Operations, Inc. Term Loan B,  
6.21% - 7.75%, 1/15/12

Diversified Consumer  
Services - 0.8%

Coinmach Laundry Corp. Term Loan B, 6.07% - 7.0%,  
11/15/14

Diversified Financial  
Services - 0.5%

J.G. Wentworth Manufacturing Term Loan B, 7.45%, 4/15/14



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|   |   |
|---|---|
| Diversified Telecommunication Services - 0.8% | Winstar Communications Debtor In Possession, 6.366%, 12/31/06 |
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|-----------------------------|---|
| Electrical Equipment - 0.4% | Generac Power Systems, Inc. First Lien Term Loan, 5.288%, 11/ |
|-----------------------------|---|

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|------------------------------------|--|
| Energy Equipment & Services - 1.3% | Dresser, Inc. First Lien Term Loan, 5.113% - 5.565%, 5/15/14<br>Dresser, Inc. Second Lien Term Loan, 8.82%, 5/15/15<br>MEG Energy Corp. Delayed Draw Term Loan, 4.70%, 3/23/13<br>MEG Energy Corp. Term Loan B, 4.70%, 4/03/13 |
|------------------------------------|--|

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|---------------------------------|---|
| Food & Staples Retailing - 1.6% | Bolthouse Farms, Inc. Second Lien Term Loan, 10.33%, 12/01/13 |
|---------------------------------|---|

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|          |                                     |
|----------|-------------------------------------|
| Industry | Senior Floating Rate Loan Interests |
|----------|-------------------------------------|

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|--|--|
|  | DS Waters LP Term Loan B, 7.119%, 11/15/12<br>Dole Food Co., Inc. Letter of Credit, 2.58% - 4.247%, 4/12/13<br>Dole Food Co., Inc. Term Loan B, 4.75% - 7.125%, 4/12/13<br>Dole Food Co., Inc. Term Loan C, 4.75% - 7.125%, 4/04/13<br>McJunkin Corp. Term Loan B, 6.134%, 1/30/14<br>Sturm Foods, Inc. First Lien Term Loan, 5.438%, 1/30/14<br>Sturm Foods, Inc. Second Lien Term Loan, 11.063%, 6/30/14 |
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|                      |   |
|----------------------|---|
| Food Products - 0.5% | Eight O'Clock Coffee First Lien Term Loan, 5.50%, 7/21/12<br>Jetro Holdings, Inc. Term Loan, 5.20%, 5/11/14 |
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|   |   |
|---|---|
| Health Care Equipment & Supplies - 0.9% | Biomet, Inc. Term Loan B, 5.696%, 3/25/14<br>ReAble Therapeutics Finance LLC Term Loan, 5.696%, 5/14/14 |
|---|---|

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|   |   |
|---|---|
| Health Care Providers & Services - 1.0% | CCS Medical First Lien Term Loan, 5.93%, 10/31/12<br>Community Health Systems, Inc. Term Loan B, 4.733%, 6/18/14<br>Rotech Healthcare, Inc. Term Loan B, 8.899% - 10.832%, 9/26/1 |
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|                                      |   |
|--------------------------------------|---|
| Hotels, Restaurants & Leisure - 3.1% | Golden Nugget, Inc. Term Loan Second Lien, 5.81% - 8.84%, 11/<br>Green Valley Ranch Gaming LLC Term Loan, 6.335%, 8/30/14<br>Harrah's Entertainment, Inc. Term Loan B2, 6.244%, 1/29/15<br>Harrah's Entertainment, Inc. Term Loan B3, 5.92%, 1/29/15<br>Harrah's Operating Term Loan B, 5.92%, 1/31/15<br>Las Vegas Sands LLC Delay Draw Term Loan, 4.17%, 5/23/14<br>Las Vegas Sands LLC Term Loan B, 4.45%, 5/04/14 |
|--------------------------------------|---|

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OSI Restaurant Partners, Inc. Revolving Credit, 4.878%, 5/15/14

BlackRock Debt Strategies Fund, Inc.  
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| Industry   | Senior Floating Rate Loan Interests  |
|--|--|
|  | OSI Restaurant Partners, Inc. Term Loan B, 5.0%, 5/15/14<br>QCE LLC Second Lien Term Loan, 10.948%, 11/05/13<br>Venetian Macau US Finance Co. LLC Delay Draw Term Loan,<br>7.45%, 5/25/12<br>Venetian Macau US Finance Co. LLC Term Loan B, 7.45%, 5/25/13   |
| Household Durables - 0.5%                              | American Residential Services Second Lien Term Loan,<br>12.0%, 4/17/15 (n)   |
| Household Products - 0.7%                              | Spectrum Brands, Inc. Letter of Credit, 2.678%, 4/15/13<br>Spectrum Brands, Inc. Term Loan B-1, 5.69% - 7.096%, 4/15/13  |
| IT Services - 3.0%                                     | Activant Solutions Term Loan B, 6.75% - 7.50%, 5/02/13<br>Audio Visual Services Corp. Second Lien Term Loan, 8.20%, 9/1/14<br>Ceridian Corp. Term Loan, 5.59%, 11/07/14<br>First Data Corp. Term Loan B, 5.446% - 7.634%, 9/24/14<br>First Data Corp. Term Loan B2, 5.349% - 5.446%, 9/24/14<br>First Data Corp. Term Loan B3, 5.446% - 7.634%, 9/24/14<br>RedPrairie Corp. Term Loan, 6.0%, 7/31/12<br>RedPrairie Corp. Term Loan, 7.0% - 8.0%, 7/31/12 |
| Independent Power Producers &<br>Energy Traders - 1.3% | TXU Corp. Term Loan B-2, 6.234% - 6.478%, 10/14/29<br>TXU Corp. Term Loan B-3, 6.478% - 6.596%, 10/10/14   |
| Insurance - 0.3%                                       | Alliant Insurance Services Term Loan B, 5.696%, 10/23/14<br>USI Holdings Corp. Term Loan B, 5.45%, 5/15/14   |
| Machinery - 1.9%                                       | Harrington Holdings, Inc. Term Loan, 5.113%, 1/15/14<br>Maxim Crane Term Loan B, 4.71% - 6.25%, 6/14/14<br>Navistar International Transportation Corp. Revolving Credit,<br>5.17% - 6.149%, 6/30/12  |

BlackRock Debt Strategies Fund, Inc.  
 Schedule of Investments May 31, 2008 (Unaudited)

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(Percentages shown are based on Net Assets)

Industry

Senior Floating Rate Loan Interests

Navistar International Transportation Corp. Term Loan, 6.501%, 6/30/12  
 OshKosh Truck Corp. Term Loan B, 7.11%, 11/30/13  
 Rexnord Corp. Payment In Kind Term Loan, 10.058% - 12.131%, 3

Media - 10.9%

Affinion Group, Inc. Term Loan, 11.678%, 3/01/12  
 Cequel Communications LLC Second Lien Term Loan, 8.873% - 9.239%, 5/04/14  
 Cequel Communications LLC Term Loan B, 4.685% - 7.36%, 11/05/14  
 Charter Communications, Inc. Term Loan B, 4.90%, 4/30/14  
 ClientLogic Holding Corp. Term Loan B, 5.106% - 7.343%, 1/30/14  
 Easton-Bell Sports, Inc. Term Loan B, 8.98% - 8.99%, 5/01/12  
 Education Media and Publishing First Lien Term Loan B, 6.901%, 11/14/14  
 Education Media and Publishing Second Lien Term Loan, 11.401%, 11/14/14  
 Ellis Communications Term Loan, 10.0%, 12/30/11  
 GateHouse Media Operating, Inc. Delay Draw Term Loan, 4.72% - 5.09%, 9/15/14  
 GateHouse Media Operating, Inc. Term Loan B, 5.09%, 9/15/14  
 Insight Midwest Holdings LLC Delay Draw Term Loan, 7.0%, 4/03/14  
 Insight Midwest Holdings LLC Term Loan B, 7.36%, 4/06/14  
 Multicultural Radio Broadcasting Inc. Term Loan, 5.75%, 12/15/14  
 NEP Supershooters, LP Term Loan B, 4.946%, 2/13/14  
 Penton Media Term Loan, 7.899%, 2/15/14  
 ProSiebenSat.1 Media AG Term Loan B, 6.77%, 6/30/15  
 ProSiebenSat.1 Media AG Term Loan B, 7.02%, 6/30/16  
 Univision Communications, Inc. First Lien Term Loan, 4.954%, 11/30/14  
 Univision Communications, Inc. First Lien Term Loan, 7.072% - 7.21%, 9/30/14

BlackRock Debt Strategies Fund, Inc.

Schedule of Investments May 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

Industry

Senior Floating Rate Loan Interests

Multi-Utilities - 0.4%

Coleto Creek Letter of Credit, 5.446%, 7/31/13  
 Coleto Creek Term Loan B, 2.596%, 7/31/13  
 Energy Transfer Equity LP Term Loan B, 4.508%, 11/01/12  
 NE Energy Second Lien Term Loan, 7.125%, 10/31/14

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USPF Holdings Term Loan, 4.477%, 4/15/14

|   |  |
|---|--|
| Multiline Retail - 0.6%                     | Neiman Marcus Group, Inc. Term Loan, 4.758%, 4/06/13   |
| Oil, Gas & Consumable Fuels - 1.3%          | Big West Oil & Gas Delay Draw Term Loan, 5.068%, 5/15/14<br>Big West Oil & Gas Term Loan B, 5.0%, 5/15/14<br>Petroleum Geo-Services ASA Term Loan B, 4.45%, 6/30/15<br>Scorpion Drilling Ltd. Second Lien Term Loan, 12.406%, 5/05/14<br>Western Refining Co. LP Delay Draw Term Loan, 4.649%, 3/15/14<br>Western Refining Co. LP Term Loan B, 4.649%, 3/15/14 |
| Paper & Forest Products - 0.8%              | Boise Cascade Holdings LLC Second Lien Term Loan, 7.50%, 2/05/13<br>Verso Paper Holdings LLC Term Loan B, 9.078%, 2/01/13  |
| Pharmaceuticals - 0.4%                      | Pharmaceutical Technologies & Services (PTS) Term Loan, 4.946%, 4/15/14  |
| Real Estate Management & Development - 1.2% | Enclave First Lien Term Loan, 6.14%, 3/01/12<br>Georgian Towers Term Loan, 6.14%, 3/01/12<br>Yellowstone Club Term Loan B, 5.238%, 10/15/10  |
| Software - 1.1%                             | Aspect Software Second Lien Term Loan, 11.50%, 7/05/12   |
| Specialty Retail - 0.6%                     | ADESA, Inc. Term Loan B, 4.95%, 10/30/13<br>Burlington Coat Factory Warehouse Corp. Term Loan B, 5.34%, 4/15/13<br>Claire's Stores Term Loan B, 5.613% - 7.58%, 5/24/14  |

BlackRock Debt Strategies Fund, Inc.  
Schedule of Investments May 31, 2008 (Unaudited)  
(Percentages shown are based on Net Assets)

| Industry                                   | Senior Floating Rate Loan Interests   |
|--|---|
| Textiles, Apparel & Luxury Goods - 0.2%    | David's Bridal, Inc. Term Loan B, 4.696%, 1/30/14<br>Renfro Corp. Term Loan B, 6.15% - 6.34%, 9/30/13   |
| Wireless Telecommunication Services - 1.1% | Centennial Cellular Operating Co. Term Loan, 4.696% - 5.085%, 2/09/11<br>IPC Systems First Lien Term Loan, 4.946%, 5/25/14<br>NG Wireless Term Loan, 5.446% - 5.613%, 7/31/14 |

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Total Senior Floating Rate Loan Interests - 55.5%

Common Stocks

|  |  |
|--|--|
| Airlines - 0.2%                                    | Delta Air Lines, Inc. (g)                            |
| Building Products - 0.1%                           | Neenah Enterprises Inc. (g)                          |
| Capital Markets - 0.3%                             | E*Trade Financial Corp. (g)                          |
| Chemicals - 0.0%                                   | GEO Specialty Chemicals, Inc. (g)<br>GenTek Inc. (g) |
| Commercial Services &<br>Supplies - 0.0%           | New Outsourcing Solutions, Inc. (g)                  |
| Communications Equipment - 0.5%                    | Loral Space & Communications Ltd. (g)                |
| Containers & Packaging - 0.2%                      | Smurfit Kappa Plc<br>Viskase Cos., Inc. (g)          |
| Electrical Equipment - 0.3%                        | Medis Technologies Ltd. (g)                          |
| Hotels, Restaurants &<br>Leisure - 0.0%            | HRP PIK Corp. Class B (b) (n)<br>Lodgian, Inc. (g)   |
| Multi-Utilities - 1.1%                             | CenterPoint Energy, Inc.                             |
| Paper & Forest Products - 0.1%                     | Western Forest Products, Inc. Restricted Shares (g)  |
| Semiconductors & Semiconductor<br>Equipment - 0.1% | Cypress Semiconductor Corp. (g)                      |
|  | Total Common Stocks - 2.9%                           |

Preferred Securities

Capital Trusts

|  |                                |
|--|--------------------------------|
| Diversified Financial<br>Services - 0.7% | Citigroup, Inc., 8.40% (f) (o) |
|  | Total Capital Trusts - 0.7%    |

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BlackRock Debt Strategies Fund, Inc.

Schedule of Investments May 31, 2008 (Unaudited)

(Percentages shown are based on Net Assets)

| Industry                                   | Preferred Stocks   |
|--|--|
| Oil, Gas & Consumable Fuels - 1.8%         | EXCO Resources, Inc., 7% (a) (b)<br>EXCO Resources, Inc., 11% (b)  |
|  | Total Preferred Stocks - 1.8%  |
|  | Total Preferred Securities - 2.5%  |
|  | Warrants (i)   |
| Building Products - 0.1%                   | Neenah Enterprises Inc. (expires 9/30/13)  |
| Chemicals - 0.0%                           | GenTek Inc. Tranche B (expires 11/10/08)<br>GenTek Inc. Tranche C (expires 11/10/10)   |
| Health Care Providers & Services - 0.0%    | HealthSouth Corp. (expires 1/16/14)  |
| Media - 0.0%                               | Sirius Satellite Radio, Inc. (expires 5/15/09)   |
| Wireless Telecommunication Services - 0.1% | American Tower Corp. (expires 8/01/08)   |
|  | Total Warrants - 0.2%  |
|  | Other Interests (j)  |
| Airlines - 0.0%                            | Delta Air Lines, Inc. Default 8.33% Escrow<br>Delta Air Lines, Inc. Default 10% Escrow   |
| Auto Components - 0.0%                     | Cambridge Industries, Inc. (Litigation Trust Certificates) (n)   |
| Media - 0.0%                               | Adelphia Escrow (n)<br>Adelphia Preferred Escrow (n)<br>Adelphia Recovery Trust (n)<br>Adelphia Recovery Trust Series ACC-6B INT (n) |
|  | Total Other Interests - 0.0%   |
|  | Total Long-Term Securities   |

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(Cost - \$916,803,907) - 132.4%

Short-Term Securities

BlackRock Liquidity Series, LLC Cash Sweep Series, 2.63% (k)

Total Short-Term Securities  
(Cost - \$2,381,662) - 0.4%

Total Investments Before Options Written  
(Cost - \$919,185,569\*) - 132.8%

Options Written (h)

Call Options Pay a fixed rate of 0.93% and receive a floating rate based on 3-month USD LIBOR, expiring July 2008, Broker Credit Suisse International

BlackRock Debt Strategies Fund, Inc.  
Schedule of Investments May 31, 2008 (Unaudited)  
(Percentages shown are based on Net Assets)

Options Written (h)

Put Options Receive a fixed rate of 0.93% and pay a floating rate based on 3-month USD LIBOR, expiring July 2008, Broker Credit Suisse International

Total Options Written  
(Premiums Received - \$480,000) - (0.0%)

Total Investments, Net of Options Written - 132.8%

Liabilities in Excess of Other Assets - (32.8%)

Net Assets - 100.0%

\* The cost and unrealized appreciation (depreciation) of investments as of May 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |                  |
|-------------------------------|------------------|
| Aggregate cost                | \$ 919,620,698   |
|                               | =====            |
| Gross unrealized appreciation | \$ 19,601,946    |
| Gross unrealized depreciation | (141,021,856)    |
|                               | -----            |
| Net unrealized depreciation . | \$ (121,419,910) |

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- + One contract represents a notional amount of \$1,000,000.
- (a) Convertible security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. Unless otherwise indicated, these securities are not considered to be illiquid.
- (c) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares.
- (d) Issuer filed for bankruptcy or is in default of interest payments.
- (e) As a result of bankruptcy proceedings, the company did not repay the principal amount of the security upon maturity. The security is non-income producing.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Non-income producing security.
- (h) This European style swaption, which can be exercised only on the expiration date, represents a standby commitment whereby the writer of the option is obligated to enter into a predetermined interest rate swap contract upon exercise of swaption.
- (i) 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.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) 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<br>Activity<br>(000) | Interest<br>Income |
|--|--------------------------|--------------------|
| BlackRock Liquidity Series, LLC<br>Cash Sweep Series | \$ 2,382                 | \$ 30,195          |

- (l) Represents the current yield as of report date.
- (m) Represents a step bond.
- (n) Security is fair valued.
- (o) Security is perpetual in nature and has no stated maturity date. In certain instances, a final maturity date may be extended and/or the final payment may be deferred at the issuer's option for a specified time without default.

BlackRock Debt Strategies Fund, Inc.  
Schedule of Investments May 31, 2008 (Unaudited)

- 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.
- o Forward foreign currency contracts as of May 31, 2008, were as follows:

| Currency | Currency | Settlement | Unrealized |
|----------|----------|------------|------------|
|----------|----------|------------|------------|



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| Purchased    | Sold          | Date    | Appreciation |
|--------------|---------------|---------|--------------|
| \$ 5,110,256 | EUR 3,247,500 | 7/23/08 | \$ 71,418    |

- o Swaps outstanding as of May 31, 2008 were as follows:

|  | Notional<br>Amount<br>(000) | Unrealized<br>Depreciation |
|--|-----------------------------|----------------------------|
| Sold credit default protection on Ford Motor Company<br>and receive 3.80%<br>Broker, Lehman Brothers Special Finance<br>Expires March 2010                               | \$ 10,000                   | \$ (961,710)               |
| Sold credit default protection on BAA Ferrovial Junior<br>Term Loan and receive 2%<br>Broker, Deutsche Bank AG London<br>Expires June 2012                               | GBP 1,733                   | (99,421)                   |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Series 10 Index and pay 5%<br>Broker, Morgan Stanley Capital Services<br>Expires June 2013 | \$ 8,991                    | (149,785)                  |
| Total  |                             | \$ (1,210,916)             |

- o Currency Abbreviations:

EUR Euro  
GBP British Pound

BlackRock Debt Strategies Fund, Inc.

- o Effective March 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:
  - o Level 1 - price quotations in active markets/exchanges for identical securities
  - o Level 2 - other observable inputs (including, but not limited to: quoted prices for 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)
  - o Level 3 - unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

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The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its annual report.

The following table summarizes the inputs used as of May 31, 2008 in determining the fair valuation of the Fund's investments:

| Valuation<br>Inputs | Investments in<br>Securities | Other Financial<br>Instruments* |
|---------------------|------------------------------|---------------------------------|
| Level 1             | \$ 16,861,232                | \$ (358,472)                    |
| Level 2             | 778,343,902                  | --                              |
| Level 3             | 2,995,654                    | --                              |
| <b>Total</b>        | <b>\$ 798,200,788</b>        | <b>\$ (358,472)</b>             |

\* Other financial instruments are options.

The following is a reconciliation of investments for unobservable inputs (Level 3) were used in determining fair value:

|  | Investments in<br>Securities |
|--|------------------------------|
| Balance, as of February 29, 2008                 | \$ 2,994,080                 |
| Accrued discounts/premiums                       | --                           |
| Realized gain (loss)                             | --                           |
| Change in unrealized appreciation (depreciation) | 1,574                        |
| Net purchases (sales)                            | --                           |
| Net transfers in/out of Level 3                  | --                           |
| <b>Balance, as of May 31, 2008</b>               | <b>\$ 2,995,654</b>          |

### Item 2 - Controls and Procedures

2(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.

2(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 registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### Item 3 - Exhibits

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/ Donald C. Burke

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

Date: July 18, 2008

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/ Donald C. Burke

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Donald C. Burke  
Chief Executive Officer (principal executive officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: July 18, 2008

By: /s/ Neal J. Andrews

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

Date: July 18, 2008