

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

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

FORM N-CSRS

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

Investment Company Act file number 811-08603

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 02/28/2010

Date of reporting period: 08/31/2009

Item 1 – Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Semi-Annual Report

AUGUST 31, 2009 | (UNAUDITED)

BlackRock Corporate High Yield Fund, Inc. (COY)

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

BlackRock Debt Strategies Fund, Inc. (DSU)

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

BlackRock Senior High Income Fund, Inc. (ARK)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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Dear Shareholder

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

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

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

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

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

* Formerly a Merrill Lynch Index.

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

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

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

Announcement to Shareholders

On June 16, 2009, BlackRock, Inc. announced that it received written notice from Barclays PLC (Barclays) in which Barclays Board of Directors had accepted BlackRock's offer to acquire Barclays Global Investors (BGI). At a special meeting held on August 6, 2009, BlackRock's proposed purchase of BGI was approved by an overwhelming majority of Barclays' voting shareholders, an important step toward closing the transaction. The combination of BlackRock and BGI will bring together market leaders in active and index strategies to create the preeminent asset management firm. The transaction is scheduled to be completed in the fourth quarter of 2009, subject to important fund shareholder and regulatory approvals.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of August 31, 2009

BlackRock Corporate High Yield Fund, Inc.

Investment Objective

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

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

Performance

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

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

Fund Information

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

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

² The distribution is not constant and is subject to change.

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of August 31, 2009

BlackRock Corporate High Yield Fund III, Inc.

Investment Objective

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

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

Performance

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

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Fund Information

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

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

² The distribution is not constant and is subject to change.

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of August 31, 2009

BlackRock Debt Strategies Fund, Inc.

Investment Objective

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

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

Performance

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

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Fund Information

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

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

² A change in the distribution rate was declared on September 1, 2009. The Monthly Distribution per Share was decreased to \$0.031. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of August 31, 2009

BlackRock Floating Rate Income Strategies Fund II, Inc.

Investment Objective

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

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

Performance

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

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Fund Information

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

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

² A change in the distribution rate was declared on September 1, 2009. The Monthly Distribution per Share was decreased to \$0.081. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of August 31, 2009

BlackRock Senior High Income Fund, Inc.

Investment Objective

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

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

Performance

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

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Fund Information

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

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

² The distribution is not constant and is subject to change.

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV. However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage through borrowings or issuance of short-term debt. In general, the concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

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

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

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

Furthermore, the value of the Fund's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Fund's debt securities do not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAV positively or negatively in addition to the impact on Fund performance from leverage from debt securities.

The use of leverage may enhance opportunities for increased income to the Funds and shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in each Fund's NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, each Fund's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. A Fund may be required to sell portfolio securities at inopportune times at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments which may cause a Fund to incur losses. The use of leverage may limit a Fund's ability to invest in certain types of securities or use certain types of hedging strategies. A Fund will incur expenses in connection with the use of leverage, all of which are borne by the shareholders and may reduce income.

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

	Percent of Leverage
COY	16%
CYE	18%

DSU	12%
FRB	16%
ARK	8%

Derivative Financial Instruments

The Funds may invest in various derivative instruments, including swap agreements, foreign currency exchange contracts and options, as specified in Note 2 of the Notes to Financial Statements, which constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the counterparty to the transaction and illiquidity of the derivative instrument. A Fund's ability to successfully use a derivative instrument depends on the investment advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require the Funds to sell or purchase portfolio securities at inopportune times or for distressed values, may limit the amount of appreciation the Funds can realize on an investment or may cause the Funds to hold a security that they might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments August 31, 2009 (Unaudited)

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

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

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

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3,183,978

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

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

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

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

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

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

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

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Construction Materials 1.3%		
Nortek, Inc., 10.00%, 12/01/13	2,020	1,878,600
Texas Industries, Inc., 7.25%, 7/15/13	720	673,200
		2,551,800

Consumer Finance 0.2%		
Ford Motor Credit Co. LLC:		
3.26%, 1/13/12 (g)	195	162,338
7.80%, 6/01/12	200	185,009
8.00%, 12/15/16	170	148,944
		496,291

Containers & Packaging 4.1%		
Berry Plastics Holding Corp., 4.50%, 9/15/14 (g)	1,655	1,191,600
Crown European Holdings SA, 6.25%, 9/01/11	EUR 73	104,653
Graphic Packaging International, Inc.:		
8.50%, 8/15/11	USD 512	510,720
9.50%, 8/15/13	60	60,150
9.50%, 6/15/17 (b)	1,075	1,101,875
Impress Holdings BV, 3.63%, 9/15/13 (b)(g)	390	356,363
Owens Brockway Glass Container, Inc.:		
8.25%, 5/15/13	925	934,250
6.75%, 12/01/14	EUR 152	211,371
Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b)	USD 1,255	401,600
Pregis Corp., 12.38%, 10/15/13	1,130	1,017,000
Rock-Tenn Co., 8.20%, 8/15/11	1,875	1,931,250
Solo Cup Co., 10.50%, 11/01/13 (b)	450	472,500
		8,293,332

Diversified Consumer Services 1.3%		
Service Corp., International, 7.00%, 6/15/17	2,800	2,618,000

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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

Energy Equipment & Services 0.7%

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

Food & Staples Retailing 0.5%

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

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

Health Care Equipment & Supplies 2.4%

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

Health Care Providers & Services 1.2%

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

Hotels, Restaurants & Leisure 4.6%

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

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

9,328,666

Household Durables 2.0%

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

4,105,860

IT Services 1.8%

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

3,651,425

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2009

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Schedule of Investments (continued)

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

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

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1,179,725

Media 10.1%

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

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

Metals & Mining 5.1%

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

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

Multiline Retail 0.5%

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

Oil, Gas & Consumable Fuels 9.0%

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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10.50%, 4/15/14	520	309,400
12.38%, 4/15/15	1,935	783,675
		2,677,513

Semiconductors & Semiconductor Equipment 0.5%

Spansion, Inc., 3.79%, 6/01/13 (a)(b)(c)	1,135	1,007,313
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Software 0.0%

BMS Holdings, Inc., 8.35%, 2/15/12 (b)(d)(g)	407	6,532
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Specialty Retail 2.9%

Asbury Automotive Group, Inc., 7.63%, 3/15/17	330	270,600
General Nutrition Centers, Inc.:		
6.40%, 3/15/14 (g)	1,640	1,443,200
10.75%, 3/15/15	1,200	1,134,000
Group 1 Automotive, Inc., 2.25%, 6/15/36 (h)	985	698,119
Limited Brands, Inc., 8.50%, 6/15/19 (b)	745	754,708
Michaels Stores, Inc., 11.38%, 11/01/16	690	593,400
United Auto Group, Inc., 7.75%, 12/15/16	1,030	906,400
		5,800,427

Corporate Bonds		Par (000)		Value
Textiles, Apparel & Luxury Goods 1.1%				
Levi Strauss & Co., 8.63%, 4/01/13	EUR	850	\$	1,163,732
Quiksilver, Inc., 6.88%, 4/15/15	USD	1,600		1,016,000
				2,179,732

Wireless Telecommunication Services 5.8%

Cricket Communications, Inc.:				
9.38%, 11/01/14		2,405		2,266,712
10.00%, 7/15/15		835		807,862
Crown Castle International Corp., 9.00%, 1/15/15		205		213,200
Digicel Group Ltd. (b):				
8.88%, 1/15/15		1,285		1,146,862
9.13%, 1/15/15 (d)		1,911		1,683,744
FiberTower Corp., 9.00%, 11/15/12 (e)		633		327,578
iPCS, Inc., 2.61%, 5/01/13 (g)		760		623,200
MetroPCS Wireless, Inc., 9.25%, 11/01/14		2,085		2,045,905
Nextel Communications, Inc.:				
Series E, 6.88%, 10/31/13		1,670		1,494,650
Series F, 5.95%, 3/15/14		100		84,000
Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)		265		238,500
Sprint Capital Corp.:				
7.63%, 1/30/11		780		780,975
6.88%, 11/15/28		170		123,675
				11,836,863

Total Corporate Bonds 94.7%				192,013,714
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Floating Rate Loan Interests**Auto Components 2.2%**

Allison Transmission, Inc., Term Loan, 3.03%, 8/07/14	1,376	1,174,545
Dana Holding Corp., Term Advance, 7.25%, 1/31/15	1,872	1,433,085
Delphi Corp. (a)(c):		
Initial Tranche Term Loan C, 10.50%, 12/31/09	2,855	1,570,378
Subsequent Tranche Term Loan C, 10.50%, 12/31/09	292	160,747
		4,338,755

Building Products 1.3%

CPG International I Inc., Term Loan, 5.27%, 2/28/11	2,970	2,672,864
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Capital Markets 0.1%

Marsico Parent Co., LLC, Term Loan, 4.81%, 12/15/14	462	198,749
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Chemicals 1.4%

PQ Corp. (fka Niagara Acquisition, Inc.):		
Loan (Second Lien), 6.77%, 7/30/15	3,250	1,787,500
Term Loan (First Lien), 3.52% 3.75%, 7/31/14	743	611,944
Solutia Inc., Loan, 7.25%, 2/28/14	410	406,227
		2,805,671

Diversified Telecommunication Services 2.4%

Wind Finance SL S.A., Euro Facility (Second Lien), 7.70%, 12/17/14	EUR	3,350	4,817,000
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Food & Staples Retailing 0.6%

Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/04/15	USD	1,200	1,242,000
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Health Care Providers & Services 2.0%

HCA Inc., Tranche A-1 Term Loan, 2.10%, 11/17/12	3,467	3,236,443
Rotech Healthcare Inc., Term Loan B, 6.26%, 9/26/11	1,681	806,730
		4,043,173

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Floating Rate Loan Interests		Par (000)	Value
Hotels, Restaurants & Leisure 0.8%			
Travelport LLC (fka Travelport Inc.), Loan, 7.99%, 3/27/12	USD	2,861	\$ 1,602,147
IT Services 0.0%			
First Data Corp., Initial Tranche B-1 Term Loan, 3.01% 3.02%, 9/24/14		100	83,101
Independent Power Producers & Energy Traders 1.8%			
Texas Competitive Electric Holdings Co., LLC (TXU):			
Initial Tranche B-1 Term Loan, 3.78% 3.79%, 10/10/14		207	157,595
Initial Tranche B-2 Term Loan, 3.78%, 10/10/14		1,204	915,037
Initial Tranche B-3 Term Loan, 3.78%, 10/10/14		3,439	2,602,398
			3,675,030
Machinery 1.1%			
Navistar Financial Corp., Tranche A Term loan, 2.31%, 3/27/10		500	485,000
Navistar International Corp.:			
Revolving Credit-Linked Deposit, 3.36% 3.51%, 1/19/12		505	469,650
Term Advance, 3.51%, 1/19/12		1,385	1,288,050
			2,242,700
Media 3.3%			
Affinion Group Holdings, Inc., Loan, 8.27%, 3/01/12		419	366,678
Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14		1,485	1,425,600
HMH Publishing Co. Ltd. (fka Education Media):			
Mezzanine, 17.50%, 11/14/14		6,221	933,183
Tranche A Term Loan, 5.26%, 6/12/14		2,414	1,867,663
NV Broadcasting, LLC, Second Lien, 8.72%, 11/03/14 (a)(c)		1,000	10,000
Newsday, LLC, Fixed Rate Term Loan, 9.75%, 8/01/13		750	763,125
Virgin Media Investment Holdings Ltd. C Facility, 3.62%, 7/17/13	GBP	525	752,112
World Color Press Inc., and World Color (USA) Corp. (fka Quebecor World Inc.), Advance, 9.00%, 6/30/12	USD	500	496,250
			6,614,611
Multiline Retail 0.1%			
The Neiman Marcus Group Inc., Term Loan, 2.28% 2.63%, 4/06/13		120	98,786
Oil, Gas & Consumable Fuels 0.7%			
Turbo Beta Ltd. Dollar Facility, 2.50% 12.00%, 3/15/18		2,147	1,503,089
Paper & Forest Products 0.3%			
NewPage Corp., Term Loan, 4.06%, 12/22/14		487	451,459

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Verso Paper Finance Holdings LLC, Loan, 6.73% 7.48%%, 2/01/13	1,159	231,896
		683,355

Real Estate Management & Development 0.2%

Realty Corp.:		
Initial Term B Loan, 3.28%, 10/10/13	377	287,415
Synthetic LC, 0.11%, 10/10/13	119	90,763
		378,178

Floating Rate Loan Interests	Par (000)	Value
Specialty Retail 0.1%		
Claire's Stores Term Loan B, 5.27%, 5/29/14	USD 265	\$ 172,629
Total Floating Rate Loan Interests 18.4%		37,171,838

Other Interests (i)	Beneficial Interest (000)	
Media 0.1%		
Adelphia Escrow	700	70
Adelphia Recovery Trust	878	3,512
Total Other Interests 0.0%		3,582

Preferred Stocks	Shares	
Capital Markets 0.0%		
Marsico Parent Superholdco, LLC, 16.75% (b)	67	17,085
Media 0.0%		
CMP Susquehanna Radio Holdings Corp., 0% (a)(b)(g)	34,982	
Total Preferred Stocks 0.0%		17,085

Warrants (j)

Health Care Providers & Services 0.0%		
HealthSouth Corp. (expires 1/16/14)	29,930	

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Media 0.0%		
CMP Susquehanna Radio Holdings Corp. (expires 3/26/19) (b)	39,975	
Oil, Gas & Consumable Fuels 0.0%		
Turbo Cayman Ltd. (No Expiration)	1	
Total Warrants 0.0%		
Total Long-Term Investments		
(Cost \$271,263,265) 115.1%		233,299,691
Short-Term Securities		
BlackRock Liquidity Funds, TempCash 0.26% (k)(l)	2,032,607	2,032,607
Total Short-Term Securities		
(Cost \$2,032,607) 1.0%		2,032,607
Options Purchased		
	Contracts	
Over-the-Counter Call Options		
Marsico Parent Superholdco LLC, expiring December 2009 at USD 942.86, Broker Goldman Sachs & Co.	17	17,000
Total Options Purchased		
(Cost \$16,622) 0.0%		17,000
Total Investments		
(Cost \$273,312,494*) 116.1%		235,349,298
Liabilities in Excess of Other Assets (16.1)%		(32,699,558)
Net Assets 100.0%		\$ 202,649,740

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 274,419,893
Gross unrealized appreciation	\$ 8,030,039
Gross unrealized depreciation	(47,100,634)
Net unrealized depreciation	\$ (39,070,595)

- (a) Non-income producing security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Issuer filed for bankruptcy and/or is in default of interest payments.
- (d) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (e) Convertible security.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Variable rate security. Rate shown is as of report date.
- (h) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (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.
- (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 Activity	Income
BlackRock Liquidity Funds, TempCash	\$ 2,032,607	\$ 4,915
BlackRock Liquidity Series, LLC Cash Sweep Series	\$ (7,111,263)	\$ 461

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

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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 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.

Foreign currency exchange contracts as of August 31, 2009 were as follows:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD	11,026,273	EUR	7,899,500	Citibank NA	9/16/09	\$ (298,752)
USD	423,465	EUR	300,000	UBS AG	9/16/09	(6,627)
USD	174,975	CAD	190,000	Barclays Bank Plc	10/28/09	1,404
USD	1,739,108	GBP	1,064,000	Citibank NA	10/28/09	7,110
Total						\$ (296,865)

Credit default swaps on single-name issues buy protection outstanding as of August 31, 2009 were as follows:

Issuer	Pay Fixed Rate	Counterparty	Expiration	Notional Amount (000)	Unrealized Appreciation (Depreciation)
iStar Financial Inc.	5.00%	Morgan Stanley Capital Services, Inc.	September 2011	USD 1,500	\$ 273,762
Black & Decker Corp.	2.93%	Goldman Sachs Bank USA	March 2014	USD 600	(35,219)
Louisiana Pacific Corp.	5.00%	JPMorgan Chase Bank NA	March 2014	USD 500	(95,335)
Macy's Retail Holdings Corp.	8.05%	Goldman Sachs Bank USA	March 2014	USD 600	(112,690)
Masco Corp.	5.85%	Goldman Sachs Bank USA	March 2014	USD 750	(99,209)
Mohawk Industries Inc.	4.70%	Goldman Sachs Bank USA	March 2014	USD 750	(82,112)
Tyson Foods Inc.	4.25%	Goldman Sachs Bank USA	March 2014	USD 400	(37,313)
Centex Corp.	1.00%	Deutsche Bank AG	June 2014	USD 250	(8,534)
First Data Corp.	5.00%	Credit Suisse International	June 2014	USD 250	(21,929)
Lennar Corp.	5.75%	JPMorgan Chase Bank NA	June 2014	USD 250	(30,077)
Standard Pacific Corp.	5.00%	JPMorgan Chase Bank NA	June 2014	USD 475	(1,740)
Brunswick Corp.	5.00%	Morgan Stanley Capital Services, Inc.	September 2014	USD 2,750	19,040
Centex Corp.	1.00%	Deutsche Bank AG	September 2014	USD 175	(1,401)
Limited Brands Inc.	1.00%	Goldman Sachs Bank USA	September 2014	USD 50	571
Limited Brands Inc.	1.00%	JPMorgan Chase Bank NA	September 2014	USD 1,000	10,644
Pulte Homes Inc.	1.00%	JPMorgan Chase Bank NA	September 2014	USD 350	5,558
Standard Pacific Corp.	5.00%	Credit Suisse International	September 2014	USD 530	21,112
Meritage Homes, Inc.	5.00%	Credit Suisse International	June 2015	USD 530	(10,201)
K. Hovnanian Enterprise Inc.	5.00%	JPMorgan Chase Bank NA	June 2016	USD 620	87,927
Total					\$ (117,146)

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund, Inc. (COY)

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2009 were as follows:

Issuer	Receive Fixed Rate	Counterparty	Expiration	Rating ¹	Notional Amount (000) ²	Unrealized Appreciation (Depreciation)
Ford Motor Co.	3.80%	UBS AG	March 2010	CCC	USD 930	\$ (29,878)
Ford Motor Co.	5.00%	Goldman Sachs Bank USA	June 2010	CCC	USD 3,750	(136,990)
Beazer Homes USA Inc.	5.00%	Credit Suisse International	June 2011	D	USD 150	2,415
Beazer Homes USA Inc.	5.00%	Credit Suisse International	September 2011	D	USD 250	3,168
Beazer Homes USA Inc.	5.00%	Goldman Sachs Bank USA	September 2011	D	USD 200	(651)
Beazer Homes USA Inc.	5.00%	JPMorgan Chase Bank NA	September 2011	D	USD 100	650
D.R. Horton Inc.	1.00%	JPMorgan Chase Bank NA	September 2014	BB	USD 175	(12)
Total						\$ (161,298)

¹ Using Standard & Poor's rating of the issuer.

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

Currency Abbreviations:

CAD	Canadian Dollar
EUR	Euro
GBP	British Pound
USD	US Dollar

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" 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:

Level 1 price quotations in active markets/exchanges for identical securities

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)

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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)

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 Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of August 31, 2009 in determining the fair valuation of the Fund's investments:

Valuation Inputs	Investments in Securities	
	Assets	
Level 1		
Long-Term Investments:		
Common Stocks	\$	4,004,507
Short-Term Securities		2,032,607
Total Level 1		6,037,114
Level 2		
Long-Term Investments:		
Common Stocks		88,609
Corporate Bonds		190,772,757
Floating Rate Loan Interests		17,431,025
Preferred Stocks		17,085
Total Level 2		208,309,476
Level 3		
Long-Term Investments:		
Common Stocks		356
Corporate Bonds		1,240,957
Floating Rate Loan Interests		19,740,813
Other Interests		3,582
Total Level 3		20,985,708
Total	\$	235,332,298

Valuation Inputs	Other Financial Instruments ¹	
	Assets	Liabilities
Level 1		
Level 2	\$ 450,361	\$ (1,008,670)
Level 3		
Total	\$ 450,361	\$ (1,008,670)

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¹ Other financial instruments are swaps, foreign currency exchange contracts and options purchased. Swaps and foreign currency exchange contracts are shown at the unrealized appreciation/depreciation on the instrument and options purchased are shown at market value.

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

	Investment in Securities				
	Common Stocks	Corporate Bonds	Floating Rate Loan Interests	Other Interests	Total
Balance as of February 28, 2009	\$ 356	\$ 1,404,473	\$ 14,962,760	\$ 3,582	\$ 16,371,171
Accrued discounts/premiums					
Realized gain (loss)			(1,216,555)		(1,216,555)
Change in unrealized appreciation (depreciation) ²		(169,765)	4,806,263		4,636,498
Net purchases (sales)		3,249	(3,596,611)		(3,593,362)
Net transfer in/out of Level 3		3,000	4,784,956		4,787,956
Balance as of August 31, 2009	\$ 356	\$ 1,240,957	\$ 19,740,813	\$ 3,582	\$ 20,985,708

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

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Schedule of Investments August 31, 2009 (Unaudited)

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

Common Stocks	Shares	Value
Auto Components 0.5%		
Federal-Mogul Corp. Class A (a)	76,700	\$ 964,886
Building Products 0.6%		
Masonite Worldwide Holdings (a)	34,575	1,398,559
Capital Markets 0.4%		
E*Trade Financial Corp. (a)	506,000	890,560
Chemicals 0.0%		
Wellman Holdings, Inc. (a)	1,522	381
Communications Equipment 0.8%		
Loral Space & Communications Ltd. (a)	82,907	1,711,200
Diversified Financial Services 0.6%		
Bank of America Corp. (a)	70,000	1,231,305
Electrical Equipment 0.0%		
Medis Technologies Ltd. (a)	70,784	20,173
SunPower Corp. Class B (a)	778	16,641
		36,814
Hotels, Restaurants & Leisure 0.0%		
Buffets Restaurants Holdings, Inc. (a)	1,099	11
Household Durables 0.2%		
Beazer Homes USA, Inc. (a)	100,000	431,000
Media 0.3%		
Sirius XM Radio, Inc. (a)	865,000	582,578
Paper & Forest Products 0.2%		
Ainsworth Lumber Co. Ltd.	125,117	180,575
Ainsworth Lumber Co. Ltd. (a)(b)	140,415	202,008
Western Forest Products, Inc. (a)(b)	45,762	10,868
Western Forest Products, Inc. (a)	158,023	37,530
		430,981
Software 0.1%		
TiVo, Inc. (a)	31,000	304,110
Wireless Telecommunication Services 0.0%		
iPCS, Inc. (a)	4,621	72,966

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Total Common Stocks 3.7% 8,055,351

Corporate Bonds		Par (000)	
Airlines 1.6%			
American Airlines Pass Through Trust Series 2001-02, 7.86%, 4/01/13	USD	400	382,000
Continental Airlines, Inc.:			
Series 1997-4-B, 6.90%, 7/02/18 (c)		698	544,847
Series 2001-1-C, 7.03%, 12/15/12		314	248,469
Series 2003-RJ, 7.88%, 1/02/20		663	434,178
United Air Lines, Inc., 12.75%, 7/15/12		1,850	1,776,000
			3,385,494

Auto Components 1.5%			
Allison Transmission, Inc., 11.00%, 11/01/15 (b)		736	662,400
The Goodyear Tire & Rubber Co.:			
7.86%, 8/15/11		1,450	1,442,750
8.63%, 12/01/11		652	658,520
Lear Corp. (a)(d):			
8.50%, 12/01/13		380	205,200
8.75%, 12/01/16		585	315,900
			3,284,770

Corporate Bonds		Par (000)		Value
Automobiles 0.4%				
Ford Capital BV, 9.50%, 6/01/10	USD	785	\$	777,150
Building Products 0.2%				
Ply Gem Industries, Inc., 11.75%, 6/15/13		610		509,350
Capital Markets 0.5%				
E*Trade Financial Corp.:				
12.50%, 11/30/17 (e)		76		76,820
12.50%, 11/30/17 (b)(e)		2		2,155
3.38%, 8/31/19 (b)(f)(g)		244		416,935
Series A, 3.64%, 8/31/19 (b)(f)(g)		7		11,961
Marsico Parent Co., LLC, 10.63%, 1/15/16 (a)(b)		1,073		450,660
Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(e)		447		107,337
Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(e)		307		79,822
				1,145,690

Chemicals 1.9%				
American Pacific Corp., 9.00%, 2/01/15		880		794,200
Innophos, Inc., 8.89%, 8/15/14		825		800,250
MacDermid, Inc., 9.50%, 4/15/17 (b)		1,260		1,058,400
Olin Corp., 8.88%, 8/15/19		295		297,950

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Terra Capital, Inc., Series B, 7.00%, 2/01/17	215	202,637
Wellman Holdings, Inc. (f):		
Second Lien Subordinate Note, 10.00%, 1/29/19 (b)	844	844,000
Third Lien Subordinate Note, 5.00%, 1/29/19	263	131,467
		4,128,904

Commercial Banks 0.1%

Glitnir Banki HF (a)(d):		
4.15%, 4/20/10 (b)	211	41,673
4.97%, 1/18/12 (b)	100	19,750
6.38%, 9/25/12 (b)	500	98,750
Series EMTN, 5.07%, 1/27/10	EUR 50	14,694
Series EMTN, 3.00%, 6/30/10	45	13,225
Series GMTN, 4.38%, 2/05/10	50	14,694
		202,786

Commercial Services & Supplies 4.0%

Altegrity, Inc., 10.50%, 11/01/15 (b)	USD 700	579,250
ISS Financing, 11.00%, 6/15/14	EUR 277	408,030
RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)	USD 585	611,325
Scientific Games International, Inc., 9.25%, 6/15/19 (b)	855	876,375
Waste Services, Inc., 9.50%, 4/15/14	3,000	2,970,000
West Corp.:		
9.50%, 10/15/14	750	691,875
11.00%, 10/15/16	2,650	2,444,625
		8,581,480

Construction & Engineering 0.7%

Dycom Industries, Inc., 8.13%, 10/15/15	1,750	1,522,500
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Construction Materials 1.3%

Nortek, Inc., 10.00%, 12/01/13	2,145	1,994,850
Texas Industries, Inc., 7.25%, 7/15/13	785	733,975
		2,728,825

Consumer Finance 0.2%

Ford Motor Credit Co. LLC:		
3.26%, 1/13/12 (h)	215	178,987
7.80%, 6/01/12	200	185,009
8.00%, 12/15/16	180	157,706
		521,702

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Corporate Bonds		Par (000)	Value
Containers & Packaging 4.1%			
Berry Plastics Holding Corp., 4.50%, 9/15/14 (h)	USD	1,765	\$ 1,270,800
Crown European Holdings SA, 6.25%, 9/01/11	EUR	75	107,521
Graphic Packaging International, Inc.:			
8.50%, 8/15/11	USD	540	538,650
9.50%, 8/15/13		65	65,163
9.50%, 6/15/17 (b)		1,120	1,148,000
Impress Holdings BV, 3.63%, 9/15/13 (b)(h)		420	383,775
Owens-Brockway Glass Container, Inc.:			
8.25%, 5/15/13		1,000	1,010,000
6.75%, 12/01/14	EUR	155	215,543
Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b)	USD	1,355	433,600
Pregis Corp., 12.38%, 10/15/13		1,200	1,080,000
Rock-Tenn Co., 8.20%, 8/15/11		2,000	2,060,000
Solo Cup Co., 10.50%, 11/01/13 (b)		475	498,750
			8,811,802
Diversified Consumer Services 1.3%			
Service Corp. International, 7.00%, 6/15/17		3,000	2,805,000
Diversified Financial Services 7.6%			
Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16		520	543,400
Bank of America Corp., 5.65%, 5/01/18		800	773,554
CIT Group, Inc.			
0.76%, 3/12/10		135	84,375
5.20%, 11/03/10		200	120,290
4.75%, 12/15/10		185	112,032
5.00%, 2/01/15		1,065	599,335
FCE Bank Plc:			
7.88%, 2/15/11	GBP	700	1,065,492
7.13%, 1/16/12	EUR	2,850	3,697,637
7.13%, 1/15/13		1,050	1,317,129
Series JD, 2.12%, 9/30/09 (h)		270	383,688
GMAC LLC (b):			
7.25%, 3/02/11	USD	1,279	1,200,661
6.88%, 9/15/11		500	461,250
6.88%, 8/28/12		750	652,500
2.56%, 12/01/14 (h)		884	680,680
6.75%, 12/01/14		1,810	1,484,200
8.00%, 11/01/31		2,020	1,560,450
General Motors Acceptance Corp. of Canada Ltd., 6.00%, 5/25/10	CAD	300	266,094
Leucadia National Corp., 8.13%, 9/15/15	USD	1,325	1,298,500
			16,301,267
Diversified Telecommunication Services 5.3%			

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Broadview Networks Holdings, Inc., 11.38%, 9/01/12	1,035	890,100
Cincinnati Bell, Inc., 7.25%, 7/15/13	470	455,900
Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b)	1,445	1,466,675
Qwest Communications International, Inc.:		
7.50%, 2/15/14 (c)	2,020	1,949,300
3.50%, 11/15/25 (f)	640	633,600
Series B, 7.50%, 2/15/14	1,730	1,669,450
Qwest Corp.:		
3.88%, 6/15/13 (h)	1,550	1,433,750
7.63%, 6/15/15	525	521,063
8.38%, 5/01/16 (b)	400	404,000
Windstream Corp., 8.13%, 8/01/13	1,900	1,900,000
		11,323,838

Corporate Bonds	Par (000)	Value
Electric Utilities 1.1%		
NSG Holdings LLC, 7.75%, 12/15/25 (b) USD	1,030	\$ 860,050
Tenaska Alabama Partners LP, 7.00%, 6/30/21 (b)	1,859	1,615,275
		2,475,325
Electrical Equipment 0.0%		
UCAR Finance, Inc., 10.25%, 2/15/12	55	53,419
Electronic Equipment, Instruments & Components 0.3%		
Jabil Circuit, Inc., 7.75%, 7/15/16	295	290,206
Sanmina-SCI Corp., 8.13%, 3/01/16	300	258,750
		548,956
Energy Equipment & Services 0.7%		
Compagnie Générale de Géophysique-Veritas:		
7.50%, 5/15/15	215	204,250
7.75%, 5/15/17	320	302,400
North American Energy Partners, Inc., 8.75%, 12/01/11	375	345,000
Transocean, Inc., Series A, 1.63%, 12/15/37 (f)	765	743,963
		1,595,613
Food & Staples Retailing 0.5%		
AmeriQual Group LLC, 9.50%, 4/01/12 (b)	800	520,000
Duane Reade, Inc., 11.75%, 8/01/15 (b)	165	166,650
Rite Aid Corp., 9.75%, 6/12/16	410	433,575
		1,120,225
Food Products 0.5%		
Smithfield Foods, Inc., 10.00%, 7/15/14 (b)	780	795,600
Tyson Foods, Inc., 10.50%, 3/01/14	265	295,475
		1,091,075
Health Care Equipment & Supplies 2.3%		

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Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 (e)	930	767,250
DJO Finance LLC, 10.88%, 11/15/14	2,820	2,707,200
Hologic, Inc., 2.00%, 12/15/37 (f)(i)	1,960	1,582,700
		5,057,150

Health Care Providers & Services 1.2%

Community Health Systems, Inc., Series WI, 8.88%, 7/15/15	210	210,787
Tenet Healthcare Corp. (b):		
9.00%, 5/01/15	1,564	1,603,100
10.00%, 5/01/18	644	693,910
		2,507,797

Hotels, Restaurants & Leisure 4.7%

American Real Estate Partners LP, 7.13%, 2/15/13	3,045	2,892,750
Gaylord Entertainment Co., 8.00%, 11/15/13	635	579,438
Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(b)(d)	559	120,185
Harrah's Operating Co., Inc., 10.00%, 12/15/18 (b)	945	661,500
Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/10 (a)(d)	1,550	682,000
Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(d)	1,290	567,600
MGM Mirage, 11.13%, 11/15/17 (b)	820	887,650
Penn National Gaming, Inc., 6.88%, 12/01/11	2,025	2,025,000
San Pasqual Casino, 8.00%, 9/15/13 (b)	975	921,375
Scientific Games Corp., 0.75%, 12/01/24 (f)(i)	280	274,050
Shingle Springs Tribal Gaming Authority, 9.38%, 6/15/15 (b)	60	42,600

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Corporate Bonds		Par (000)	Value
Hotels, Restaurants & Leisure (concluded)			
Travelport LLC:			
4.99%, 9/01/14 (h)	USD	160	\$ 116,000
9.88%, 9/01/14		210	177,975
Tropicana Entertainment LLC Series WI, 9.63%, 12/15/14 (a)(d)		305	191
Virgin River Casino Corp., 9.00%, 1/15/12 (a)(d)		940	96,350
			10,044,664
Household Durables 1.9%			
American Greetings Corp., 7.38%, 6/01/16		1,020	872,100
Beazer Homes USA, Inc.:			
8.38%, 4/15/12		905	683,275
8.13%, 6/15/16		130	80,600
4.63%, 6/15/24 (f)		130	107,250
Jarden Corp., 8.00%, 5/01/16		275	281,875
KB Home:			
6.38%, 8/15/11		29	28,710
9.10%, 9/15/17		335	341,700
Meritage Homes Corp., 6.25%, 3/15/15		250	215,000
Standard Pacific Corp.:			
6.25%, 4/01/14		525	412,125
7.00%, 8/15/15		935	733,975
Toll Brothers Finance Corp., 8.91%, 10/15/17		231	257,185
			4,013,795
IT Services 1.8%			
Alliance Data Systems Corp., 1.75%, 8/01/13 (f)		1,380	1,228,200
First Data Corp.:			
9.88%, 9/24/15		170	145,350
11.25%, 3/31/16 (b)		2,435	1,862,775
SunGard Data Systems Inc., 10.63%, 5/15/15 (b)		580	598,850
			3,835,175
Independent Power Producers & Energy Traders 3.6%			
The AES Corp., 8.75%, 5/15/13 (b)		1,070	1,086,050
AES Eastern Energy LP, Series 99-B, 9.67%, 1/02/29		610	524,600
Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b)		965	960,175
Energy Future Holdings Corp., 11.25%, 11/01/17 (e)		3,763	2,153,934
NRG Energy, Inc.:			
7.25%, 2/01/14		1,625	1,580,313
7.38%, 2/01/16		1,000	956,250
Texas Competitive Electric Holdings Co. LLC, 10.50%, 11/01/16 (e)		1,014	562,674

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7,823,996

Industrial Conglomerates 1.8%		
Icahn Enterprises LP, 4.00%, 8/15/13 (f)(h)	255	196,350
Sequa Corp. (b):		
11.75%, 12/01/15	2,540	1,600,200
13.50%, 12/01/15 (e)	3,825	1,998,521

3,795,071

Insurance 1.0%		
Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)	1,700	1,551,250
USI Holdings Corp., 4.32%, 11/15/14 (b)(h)	680	525,300

2,076,550

Leisure Equipment & Products 0.6%		
Brunswick Corp., 11.25%, 11/01/16 (b)	1,140	1,194,150

Life Sciences Tools & Services 0.1%		
Bio-Rad Laboratories, Inc., 8.00%, 9/15/16 (b)	175	178,500

Corporate Bonds	Par (000)	Value
Machinery 0.8%		
AGY Holding Corp., 11.00%, 11/15/14	USD 1,280	\$ 1,011,200
Accuride Corp., 8.50%, 2/01/15 (a)(c)	555	111,000
CPM Holdings, Inc., 10.63%, 9/01/14 (b)	100	101,000
RBS Global, Inc.:		
9.50%, 8/01/14 (b)	218	200,560
8.88%, 9/01/16	450	361,125

1,784,885

Marine 0.6%		
Horizon Lines, Inc., 4.25%, 8/15/12 (f)	1,155	840,263
Navios Maritime Holdings, Inc., 9.50%, 12/15/14	477	417,375

1,257,638

Media 10.4%		
Affinion Group, Inc.:		
10.13%, 10/15/13	1,340	1,331,625
10.13%, 10/15/13 (b)	375	372,656
CCO Holdings LLC, 8.75%, 11/15/13	555	560,550
CMP Susquehanna Corp., 4.75%, 5/15/14 (b)	160	3,200
CSC Holdings, Inc.:		
8.50%, 4/15/14 (b)	390	395,850
Series B, 7.63%, 4/01/11	225	227,812
Cablevision Systems Corp., Series B, 8.00%, 4/15/12	1,015	1,037,837
Catalina Marketing Corp., 10.50%, 10/01/15 (b)(e)	2,130	2,071,425
Charter Communications Holdings II, LLC, 10.25%, 9/15/10 (a)(d)	740	822,325
Charter Communications, Inc., 6.50%, 10/01/27 (a)(d)(f)	480	206,400
Charter Communications Operating, LLC (b):		
11.25%, 4/30/12 (g)	500	503,750

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8.38%, 4/30/14 (a)(d)	670	678,375
Clear Channel Communications, Inc.:		
5.75%, 1/15/13	75	29,250
11.00%, 8/01/16 (e)	1,300	325,000
EchoStar DBS Corp., 7.00%, 10/01/13	90	88,200
Harland Clarke Holdings Corp.:		
6.00%, 5/15/15 (h)	350	250,250
9.50%, 5/15/15 (b)	420	357,000
Intelsat Corp., 9.25%, 6/15/16	2,090	2,116,125
Intelsat Subsidiary Holding Co. Ltd., 8.88%, 1/15/15 (b)	260	260,650
Liberty Media Corp., 3.13%, 3/30/23 (f)	1,113	1,068,480
Local Insight Regatta Holdings, Inc., 11.00%, 12/01/17	748	284,240
Network Communications, Inc., 10.75%, 12/01/13	30	6,075
Nielsen Finance LLC:		
11.63%, 2/01/14	180	178,650
10.00%, 8/01/14	1,890	1,786,050
ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(d)(f)	850	339,962
Rainbow National Services LLC, 10.38%, 9/01/14 (b)	1,582	1,653,190
TL Acquisitions, Inc., 10.50%, 1/15/15 (b)	4,130	3,758,300
UPC Holdings BV, 9.88%, 4/15/18 (b)	500	505,625
Virgin Media, Inc., 6.50%, 11/15/16 (b)(f)	1,210	1,096,563
		22,315,415

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Schedule of Investments (continued)

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

Corporate Bonds		Par (000)	Value
Metals & Mining 5.0%			
Aleris International, Inc. (a)(d):			
9.00%, 12/15/14	USD	1,035	\$ 2,588
10.00%, 12/15/16		800	2,000
Anglo American Capital Plc, 9.38%, 4/08/19 (b)		360	421,200
Drummond Co., Inc., 7.38%, 2/15/16 (b)		225	198,000
FMG Finance Property Ltd. (b):			
10.00%, 9/01/13		535	564,425
10.63%, 9/01/16		1,295	1,392,125
Foundation PA Coal Co., 7.25%, 8/01/14		1,975	1,925,625
Freeport-McMoRan Copper & Gold, Inc., 8.38%, 4/01/17		990	1,032,075
Novelis, Inc.:			
7.25%, 2/15/15		1,975	1,599,750
11.50%, 2/15/15 (b)		430	416,025
Ryerson, Inc.:			
7.86%, 11/01/14 (h)		400	340,000
12.00%, 11/01/15		265	243,800
Steel Dynamics, Inc., 7.38%, 11/01/12		460	451,950
Teck Resources Ltd.:			
10.25%, 5/15/16		300	331,500
10.75%, 5/15/19		1,150	1,309,563
Vedanta Resources Plc, 9.50%, 7/18/18 (b)		640	601,600
			10,832,226
Multiline Retail 0.5%			
Dollar General Corp.:			
10.63%, 7/15/15		280	310,800
11.88%, 7/15/17 (e)		190	213,275
Macy's Retail Holdings, Inc., 5.88%, 1/15/13		475	447,885
			971,960
Oil, Gas & Consumable Fuels 8.9%			
Arch Coal, Inc., 8.75%, 8/01/16 (b)			
		310	310,000
Atlas Energy Operating Co. LLC, 12.13%, 8/01/17		500	527,500
Atlas Energy Resources LLC, 10.75%, 2/01/18 (b)		1,075	1,085,750
Berry Petroleum Co., 8.25%, 11/01/16		510	453,900
Bill Barrett Corp., 9.88%, 7/15/16		240	249,600
Chesapeake Energy Corp.:			
9.50%, 2/15/15		520	530,400
7.25%, 12/15/18		1,030	942,450
2.25%, 12/15/38 (f)		800	537,000
Connacher Oil and Gas Ltd. (b):			
11.75%, 7/15/14		175	177,625
10.25%, 12/15/15		1,145	807,225
Corral Finans AB, 2.01%, 4/15/10 (b)(e)		1,693	1,231,636
EXCO Resources, Inc., 7.25%, 1/15/11		2,625	2,572,500
Encore Acquisition Co., 6.25%, 4/15/14		2,000	1,780,000

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Forest Oil Corp., 7.25%, 6/15/19	2,405	2,260,700
Massey Energy Co., 3.25%, 8/01/15 (f)	1,250	934,375
OPTI Canada, Inc., 8.25%, 12/15/14	1,565	1,017,250
PetroHawk Energy Corp.:		
10.50%, 8/01/14 (b)	555	593,850
7.88%, 6/01/15	460	446,200
Range Resources Corp., 8.00%, 5/15/19	400	408,000
Sabine Pass LNG LP, 7.50%, 11/30/16	390	315,900
SandRidge Energy, Inc.:		
8.63%, 4/01/15 (e)	120	112,800
9.88%, 5/15/16 (b)	500	500,000
8.00%, 6/01/18 (b)	990	895,950
Teekay Shipping Corp., 8.88%, 7/15/11	575	572,125
		19,262,736

Corporate Bonds	Par (000)	Value
Paper & Forest Products 3.1%		
Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(e)	USD 1,079	\$ 427,925
Clearwater Paper Corp., 10.63%, 6/15/16 (b)	390	417,787
Georgia-Pacific Corp., 8.13%, 5/15/11	150	154,125
Georgia-Pacific LLC, 8.25%, 5/01/16 (b)	1,600	1,616,000
International Paper Co., 9.38%, 5/15/19	520	584,327
NewPage Corp., 10.00%, 5/01/12	2,590	1,405,075
Norske Skog Canada Ltd. Series D, 8.63%, 6/15/11	885	517,725
Verso Paper Holdings LLC:		
11.50%, 7/01/14 (b)	335	328,300
Series B, 4.23%, 8/01/14 (h)	280	156,800
Series B, 9.13%, 8/01/14	1,525	995,063
		6,603,127

Pharmaceuticals 0.9%		
Angiotech Pharmaceuticals, Inc., 4.11%, 12/01/13 (h)	1,530	1,285,200
Elan Finance Plc, 8.88%, 12/01/13	105	101,325
Valeant Pharmaceuticals International, 8.38%, 6/15/16 (b)	545	553,175
		1,939,700

Real Estate Investment Trusts (REITs) 0.5%		
FelCor Lodging LP, 8.50%, 6/01/11	295	276,562
HCP, Inc., 5.65%, 12/15/13	440	423,914
iStar Financial, Inc., Series B, 5.13%, 4/01/11	230	124,200
Rouse Co. LP, 5.38%, 11/26/13 (a)(d)	395	298,225
		1,122,901

Real Estate Management & Development 1.3%		
Forest City Enterprises, Inc., 7.63%, 6/01/15	2,625	1,647,187
Realogy Corp.:		
10.50%, 4/15/14	540	321,300
12.38%, 4/15/15	2,078	841,590
		2,810,077

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Semiconductors & Semiconductor Equipment 0.6%			
Spanion, Inc. (a)(b)(d):			
3.79%, 6/01/13		1,215	1,078,313
2.25%, 6/15/16 (f)		630	113,400
			1,191,713
Software 0.0%			
BMS Holdings, Inc., 8.35%, 2/15/12 (b)(e)(h)			
		436	6,998
Specialty Retail 2.9%			
Asbury Automotive Group, Inc., 7.63%, 3/15/17			
		350	287,000
General Nutrition Centers, Inc.:			
6.40%, 3/15/14 (h)		1,760	1,548,800
10.75%, 3/15/15		1,285	1,214,325
Group 1 Automotive, Inc., 2.25%, 6/15/36 (i)		1,055	747,731
Limited Brands, Inc., 8.50%, 6/15/19 (b)		785	795,229
Michaels Stores, Inc., 11.38%, 11/01/16		750	645,000
United Auto Group, Inc., 7.75%, 12/15/16		1,110	976,800
			6,214,885
Textiles, Apparel & Luxury Goods 1.1%			
Levi Strauss & Co., 8.63%, 4/01/13			
	EUR	900	1,232,187
Quiksilver, Inc., 6.88%, 4/15/15			
	USD	1,750	1,111,250
			2,343,437
Thrifts & Mortgage Finance 0.9%			
Residential Capital Corp., 8.38%, 6/30/10			
		3,025	1,951,125

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Corporate Bonds		Par (000)	Value
Wireless Telecommunication Services 6.2%			
Cricket Communications, Inc.:			
9.38%, 11/01/14	USD	2,535	\$ 2,389,238
10.00%, 7/15/15		890	861,075
Crown Castle International Corp., 9.00%, 1/15/15		215	223,600
Digicel Group Ltd. (b):			
8.88%, 1/15/15		1,370	1,222,725
9.13%, 1/15/15 (e)		1,983	1,747,519
FiberTower Corp., 9.00%, 11/15/12 (f)		633	327,578
iPCS, Inc., 2.61%, 5/01/13 (h)		815	668,300
MetroPCS Wireless, Inc., 9.25%, 11/01/14		2,115	2,075,344
NII Holdings, Inc., 2.75%, 8/15/25 (f)		930	905,588
Nextel Communications, Inc.:			
Series E, 6.88%, 10/31/13		1,730	1,548,350
Series F, 5.95%, 3/15/14		110	92,400
Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)		275	247,500
Sprint Capital Corp.:			
7.63%, 1/30/11		840	841,050
6.88%, 11/15/28		180	130,950
			13,281,217
Total Corporate Bonds 96.5%			207,332,059

Floating Rate Loan Interests

Auto Components 3.0%			
Allison Transmission, Inc., Term Loan, 3.03%, 8/07/14		1,376	1,174,545
Dana Holding Corp., Term Advance, 7.25%, 1/31/15		1,946	1,489,854
Delphi Corp. (a)(d):			
Initial Tranche Term Loan C, 10.50%, 12/31/09		6,392	3,515,359
Subsequent Tranche Term Loan C, 10.50%, 12/31/09		658	362,141
			6,541,899
Building Products 1.4%			
CPG International I Inc., Term Loan, 5.27%, 2/28/11		3,267	2,940,151
Capital Markets 0.1%			
Marsico Parent Com., LLC, Term Loan, 4.81%, 12/15/14		462	198,749

Chemicals 1.4%

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PQ Corp. (fka Niagara Acquisition, Inc.):			
Loan (Second Lien), 6.77%, 7/30/15		3,500	1,925,000
Original Term Loan (First Lien), 3.52% 3.75%, 7/31/14		743	611,944
Solutia Inc., Loan, 7.25%, 2/28/14		485	480,087
			3,017,031

Diversified Financial Services 0.0%			
Protostar Ltd, Revolver, 18.00%, 10/15/12		100	98,000

Diversified Telecommunication Services 2.3%			
Wind Finance SL S.A. Euro Facility (Second Lien), 7.70%, 12/17/14	EUR	3,460	4,975,170

Food & Staples Retailing 0.6%			
Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/04/15	USD	1,250	1,293,750

Health Care Providers & Services 2.0%			
HCA Inc., Tranche A-1 Term Loan, 2.10%, 11/17/12		3,620	3,379,620
Rotech Healthcare, Inc., Term Loan B, 6.26%, 9/26/11		1,806	866,938
			4,246,558

Floating Rate Loan Interests		Par (000)	Value
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Hotels, Restaurants & Leisure 0.8%			
Travelport LLC (fka Travelport Inc.), Loan, 7.99%, 3/27/12 (e)	USD	3,056	\$ 1,711,338

IT Services 0.1%			
First Data Corp., Initial Tranche B-1 Term Loan, 3.01% 3.02%, 9/24/14		349	290,854

Independent Power Producers & Energy Traders 1.7%			
Texas Competitive Electric Holdings Co., LLC (TXU):			
Initial Tranche B-1 Term Loan, 3.78% 3.79%, 10/10/14		217	165,100
Initial Tranche B-2 Term Loan, 3.78%, 10/10/14		1,313	997,794
Initial Tranche B-3 Term Loan, 3.78%, 10/10/14		3,439	2,602,398
			3,765,292

Machinery 1.1%			
Navistar Financial Corp., Tranche A Term Loan, 2.31%, 3/27/10		500	485,000
Navistar International Corp.:			
Revolving Credit-Linked Deposit, 3.36% 3.51%, 1/19/12		535	497,550
Term Advance, 3.51%, 1/19/12		1,470	1,367,100
			2,349,650

Media 3.2%			
Affinion Group Holdings, Inc., Loan, 8.27%, 3/01/12		419	366,678
Cengage Learning Acquisitions, Inc., (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14		1,732	1,663,200
HMH Publishing Co. Ltd. (fka Education Media):			
Mezzanine, 17.50%, 11/14/14 (e)		6,787	1,018,018
Tranche A Term Loan, 5.26%, 6/12/14		2,651	2,051,497
NV Broadcasting, LLC:			
Second Lien, 8.72%, 11/03/14 (a)(d)		1,500	15,000

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Term Loan Debtor in Possession, 13.00%, 7/14/12	80	79,200
Newsday LLC, Fixed Rate Term Loan, 9.75%, 8/01/13	700	712,250
ProtoStar Ltd., Debtor in Possession Term Loan, 18.00%, 10/15/09	21	20,600
Virgin Media Investment Holdings Ltd., C Facility, 3.62%, 7/17/13	305	436,941
World Color Press Inc. and World Color (USA) Corp. (fka Quebecor World Inc.), Advance, 9.00%, 6/30/12	500	496,250
		6,859,634
Multiline Retail 0.1%		
The Neiman Marcus Group Inc., Term Loan, 2.28% 2.63%, 4/06/13	130	107,018
Oil, Gas & Consumable Fuels 0.7%		
Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18	2,250	1,574,664
Paper & Forest Products 0.3%		
NewPage Corp., Term Loan, 4.06%, 12/22/14	487	451,459
Verso Paper Finance Holdings LLC, Loan, 6.73% 7.48%, 2/01/13	1,253	250,621
		702,080
Real Estate Management & Development 0.2%		
Realogy Corp.:		
Initial Term B Loan, 3.28%, 10/10/13	402	306,324
Synthetic Letter of Credit, 0.11%, 10/10/13	129	98,326
		404,650

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

Floating Rate Loan Interests	Par (000)	Value
Specialty Retail 0.1%		
Claire's Stores, Term Loan B, 5.27%, 5/29/14	USD 280	\$ 182,400
Total Floating Rate Loan Interests (Cost \$54,429,610) 19.1%		41,258,888

Other Interests (j)	Beneficial Interest (000)	Value
Hotels, Restaurants & Leisure 0.0%		
Buffets, Inc.	575	58
Media 0.0%		
Adelphia Escrow	750	75
Adelphia Recovery Trust	941	3,762
		3,837
Total Other Interests 0.0%		3,895

Preferred Securities

Preferred Stocks	Shares	Value
Capital Markets 0.0%		
Marsico Parent Superholdco, LLC, 16.75% (b)	72	18,360
Diversified Financial Services 0.1%		
Preferred Blocker, Inc., 7.00% (b)	590	274,479
Media 0.0%		
CMP Susquehanna Radio Holdings Corp., 0% (a)(b)(h)	37,314	
Total Preferred Securities 0.1%		292,839

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Warrants (k)

Containers & Packaging 0.0%		
MDP Acquisitions Plc (expires 10/01/13)	700	28,916
Health Care Providers & Services 0.0%		
HealthSouth Corp. (expires 1/16/14)	32,042	
Hotels, Restaurants & Leisure 0.0%		
Buffets Restaurants Holdings, Inc. (expires 4/29/14)	485	5
Media 0.0%		
CMP Susquehanna Radio Holdings Corp. (expires 3/26/19) (b)	42,640	
Other 0.0%		
Turbo Cayman Ltd. (No Expiration)	1	
Total Warrants 0.0%		28,921

Total Long-Term Investments (Cost \$298,533,340) 119.4%		256,971,953
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Short-Term Securities	Shares	Value
BlackRock Liquidity Funds, TempFund, 0.22% (l)(m)	2,029,452	\$ 2,029,452
Total Short-Term Securities (Cost \$2,029,452) 0.9%		2,029,452

Options Purchased	Contracts	
Over-the-Counter Call Options		
Marsico Parent Superholdco LLC, expiring December 2009 at USD 942.86, Broker The Goldman Sachs Group, Inc.	19	19,000
Total Options Purchased (Cost \$18,578) 0.0%		19,000

Total Investments (Cost \$300,581,370*) 120.3%	259,020,405
Liabilities in Excess of Other Assets (20.3)%	(43,675,127)
Net Assets 100.0%	\$ 215,345,278

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 302,252,091
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Gross unrealized appreciation	\$ 9,573,366
Gross unrealized depreciation	(52,805,052)
Net unrealized depreciation	\$ (43,231,686)

- (a) Non-income producing security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) All, or a portion of the security has been pledged as collateral in connection with swaps.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (f) Convertible security.
- (g) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (h) Variable rate security. Rate shown is as of report date.
- (i) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) 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.
- (l) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Co. Act of 1940, were as follows:

Affiliate	Net Activity	Income
BlackRock Liquidity Funds, TempFund	\$ 2,029,452	\$ 4,405
BlackRock Liquidity Series, LLC Cash Sweep Series	\$ (8,370,522)	\$ 2,500

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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.

Foreign currency exchange contracts as of August 31, 2009 were as follows:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD	11,869,438	EUR	8,503,500	Citibank NA	9/16/09	\$ (321,504)
USD	465,812	EUR	330,000	UBS AG	9/16/09	(7,289)
USD	537,357	CAD	583,500	Barclays Bank Plc	10/28/09	4,310
USD	1,095,115	GBP	670,000	Citibank NA	10/28/09	4,477
Total						\$ (320,006)

Credit default swaps on single-name issues buy protection outstanding as of August 31, 2009 were as follows:

Issuer	Pay Fixed Rate	Counterparty	Expiration	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Black & Decker Corp.	2.93%	Goldman Sachs International	March 2014	USD 600	\$ (35,219)
Macy's, Inc.	8.05%	Goldman Sachs International	March 2014	USD 600	(112,690)
Masco Corp.	5.85%	Goldman Sachs International	March 2014	USD 750	(99,209)
Louisiana-Pacific Corp.	5.00%	JPMorgan Chase Bank NA	March 2014	USD 500	(95,335)
Mohawk Industries, Inc.	4.70%	Goldman Sachs International	March 2014	USD 750	(82,112)
Tyson Foods, Inc.	4.25%	Goldman Sachs International	March 2014	USD 400	(37,313)
Centex Corp.	1.00%	Deutsche Bank AG	June 2014	USD 250	(8,534)
First Data Corp.	5.00%	Credit Suisse International	June 2014	USD 250	(21,929)
Lennar Corp.	5.75%	JPMorgan Chase Bank NA	June 2014	USD 250	(30,077)
Standard Pacific Corp.	5.00%	JPMorgan Chase Bank NA	June 2014	USD 525	(1,923)
Brunswick Corp.	5.00%	Goldman Sachs International	September 2014	USD 500	2,820
Centex Corp.	1.00%	Deutsche Bank AG	September 2014	USD 188	(1,501)
Limited Brands, Inc.	1.00%	Goldman Sachs International	September 2014	USD 850	9,048
Limited Brands, Inc.	1.00%	JPMorgan Chase Bank NA	September 2014	USD 100	1,143
Pulte Homes, Inc.	1.00%	JPMorgan Chase Bank NA	September 2014	USD 375	5,955
Standard Pacific Corp.	5.00%	Credit Suisse International	September 2014	USD 565	22,516
Meritage Homes Corp.	5.00%	Credit Suisse International	June 2015	USD 250	(10,202)
Total					\$ (494,562)

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Credit default swaps on single-name issues sold protection outstanding as of August 31, 2009 were as follows:

Issuer	Receive Fixed Rate	Counterparty	Expiration	Rating ¹	Notional Amount (000) ²	Unrealized Appreciation (Depreciation)
Ford Motor Co.	3.80%	UBS AG	March 2010	CCC	USD 1,000	\$ (32,127)
Ford Motor Co.	5.00%	Goldman Sachs International	June 2010	CCC	USD 4,000	(146,123)
Beazer Homes USA, Inc.	5.00%	Credit Suisse International	June 2011	D	USD 175	2,818
Beazer Homes USA, Inc.	5.00%	JPMorgan Chase Bank NA	September 2011	D	USD 100	650
Beazer Homes USA, Inc.	5.00%	Goldman Sachs International	September 2011	D	USD 200	(652)
Beazer Homes USA, Inc.	5.00%	Credit Suisse International	September 2011	D	USD 275	3,485
D.R. Horton, Inc. 1.00%		JPMorgan Chase Bank NA	September 2014	BB	USD 188	(12)
Total						\$ (171,961)

¹ Using S&P's rating of the issuer.

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

Currency Abbreviations:

CAD Canadian Dollar
 EUR Euro
 GBP British Pound
 USD US Dollar

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements 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:

Level 1 price quotations in active markets/exchanges for identical securities

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)

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 Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

The following table summarizes the inputs used as of August 31, 2009 in determining the fair valuation of the Fund's investments:

Valuation Inputs	Investments in Securities	
	Assets	
Level 1		
Long-Term Investments:		
Common Stocks	\$ 7,852,951	
Short-Term Securities	2,029,452	
Total Level 1	9,882,403	
Level 2		
Long-Term Investments:		
Common Stocks	202,008	
Corporate Bonds	205,688,430	
Floating Rate Loan Interests	17,904,257	
Preferred Stocks	292,839	
Warrants	28,916	
Total Level 2	224,116,450	
Level 3		
Long-Term Investments:		
Common Stocks	392	
Corporate Bonds	1,643,629	
Floating Rate Loan Interests	23,354,631	
Other Interests	3,895	
Warrants	5	
Total Level 3	25,002,552	
Total	\$ 259,001,405	

Valuation Inputs	Other Financial Instruments ¹	
	Assets	Liabilities
Level 1		
Level 2	\$ 76,222	\$ (1,043,751)
Level 3		
Total	\$ 76,222	\$ (1,043,751)

¹ Other financial instruments are swaps, foreign currency exchange contracts and options purchased. Swaps and foreign currency exchange contracts are shown at the unrealized appreciation/depreciation on the instrument and options purchased are shown at market value.

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

	Investment in Securities					Total
	Common Stocks	Corporate Bonds	Floating Rate Loan Interests	Other Interests	Warrants	
Balance as of February 28, 2009	\$ 381	\$ 1,607,922	\$ 16,334,395	\$ 3,837		\$ 17,946,535
Accrued discounts/premiums						
Realized gain (loss)			(1,297,443)			(1,297,443)
Change in unrealized appreciation (depreciation) ²		(295,960)	7,169,159			6,873,199
Net purchases (sales)		3,467	(2,090,258)			(2,086,791)
Net transfer in/out of Level 3	11	328,200	3,238,778	58	\$ 5	3,567,052
Balance as of August 31, 2009	\$ 392	\$ 1,643,629	\$ 23,354,631	\$ 3,895	\$ 5	\$ 25,002,552

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

Schedule of Investments August 31, 2009 (Unaudited)

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

Common Stocks	Shares	Value
Airlines 0.0%		
Delta Air Lines, Inc. (a)	14,829	\$ 107,065
Building Products 0.8%		
Masonite Worldwide Holdings (a)	71,958	2,910,701
Neenah Enterprises Inc. (a)	144,858	28,972
		2,939,673
Chemicals 0.1%		
GEO Specialty Chemicals, Inc. (a)	339,340	130,273
GenTek, Inc. (a)	403	11,054
Wellman Holdings, Inc. (a)	5,373	1,343
		142,670
Communications Equipment 0.9%		
Loral Space & Communications Ltd. (a)	150,354	3,103,307
Containers & Packaging 0.5%		
Smurfit Kappa Plc	36,342	286,389
Viskase Cos., Inc. (a)	1,428,423	1,428,423
		1,714,812
Diversified Financial Services 0.0%		
Preferred Term Securities VI, Ltd. (a)(b)	35,000	350
Electrical Equipment 0.1%		
Medis Technologies Ltd. (a)	286,757	81,726
SunPower Corp. Class B (a)	4,892	104,640
		186,366
Hotels, Restaurants & Leisure 0.0%		
Buffets Restaurants Holdings, Inc. (a)	2,753	28
HRP Corp. Class B (a)(b)(c)	5,000	50
Lodgian, Inc. (a)	27,787	38,624
		38,702
Metals & Mining 0.0%		
Euramax International	2,337	25,126
Paper & Forest Products 1.0%		
Ainsworth Lumber Co. Ltd.	1,190,019	1,717,497
Ainsworth Lumber Co. Ltd. (a)(b)	1,335,501	1,921,321

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Western Forest Products, Inc. (a)(b)	211,149	50,147
		<u>3,688,965</u>

Specialty Retail 0.4%

Movie Gallery, Inc. (a)	503,737	1,435,650
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Total Common Stocks 3.8%

13,382,686

Corporate Bonds

**Par
(000)**

Airlines 0.2%

United Air Lines, Inc., 12.75%, 7/15/12	USD	800	768,000
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Auto Components 0.4%

Allison Transmission, Inc., 11.00%, 11/01/15 (b)		216	194,400
The Goodyear Tire & Rubber Co., 8.63%, 12/01/11		1,000	1,010,000
Lear Corp., 8.75%, 12/01/16 (a)(d)		700	378,000
Venture Holdings Co. LLC (a)(d):			
12.00%, 6/01/09		4,450	
Series B, 9.50%, 7/01/05 (e)		1,800	180

1,582,580

Corporate Bonds

**Par
(000)**

Value

Building Products 2.3%

CPG International I, Inc.:			
7.87%, 7/01/12 (f)	USD	7,500	\$ 5,362,500
10.50%, 7/01/13		1,300	929,500
Momentive Performance Materials, Inc. Series WI, 9.75%, 12/01/14		1,600	1,040,000
Ply Gem Industries, Inc., 11.75%, 6/15/13		1,050	876,750

8,208,750

Capital Markets 1.3%

E*Trade Financial Corp. (b):			
12.50%, 11/30/17 (c)		731	740,138
3.14%, 8/31/19 (g)(h)		2,333	3,986,514

4,726,652

Chemicals 2.9%

American Pacific Corp., 9.00%, 2/01/15		1,490	1,344,725
GEO Specialty Chemicals, Inc. (b):			
7.50%, 3/31/15 (c)(h)		4,144	2,693,802
10.00%, 3/31/15 (f)		4,106	2,668,640
Wellman Holdings, Inc. (h):			
Second Lien Subordinate Note, 10.00%, 1/29/19 (b)		2,978	2,978,000

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Third Lien Subordinate Note, 5.00%, 1/29/19	930	465,269
		10,150,436

Commercial Banks 0.1%

Glitnir Banki HF (a)(c):		
4.15%, 4/20/10 (b)	294	58,065
4.97%, 1/18/12 (b)	150	29,625
6.38%, 9/25/12 (b)	820	161,950
Series EMTN, 5.07%, 1/27/10	EUR 50	14,694
Series EMTN, 3.00%, 6/30/10	75	22,042
Series GMTN, 4.38%, 2/05/10	85	24,981
		311,357

Commercial Services & Supplies 1.5%

Clean Harbors, Inc., 7.63%, 8/15/16 (b)	USD 1,200	1,203,000
RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)	970	1,013,650
West Corp., 11.00%, 10/15/16	3,270	3,016,575
		5,233,225

Construction Materials 0.8%

Nortek, Inc., 10.00%, 12/01/13	2,970	2,762,100
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Consumer Finance 0.6%

Ford Motor Credit Co. LLC, 3.26%, 1/13/12 (f)	2,680	2,231,100
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Containers & Packaging 3.0%

Berry Plastics Holding Corp., 4.50%, 9/15/14 (f)	375	270,000
Crown Americas LLC, 7.63%, 5/15/17 (b)	710	704,675
Graphic Packaging International, Inc., 9.50%, 6/15/17 (b)	1,440	1,476,000
Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b)	6,215	1,988,800
Smurfit Kappa Funding Plc, 7.75%, 4/01/15	3,325	2,693,250
Solo Cup Co., 10.50%, 11/01/13 (b)	440	462,000
Wise Metals Group LLC, 10.25%, 5/15/12	6,325	3,099,250
		10,693,975

Diversified Consumer Services 0.6%

NBC Acquisition Corp., 11.00%, 3/15/13	3,875	2,131,250
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See Notes to Financial Statements.

Schedule of Investments (continued)

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

Corporate Bonds		Par (000)	Value
Diversified Financial Services 5.8%			
Archimedes Funding III Ltd., 5.50%, 11/29/11 (b)	USD	5,744	\$ 2,642,097
FCE Bank Plc, 7.13%, 1/16/12	EUR	8,000	10,379,333
GMAC LLC (b):			
7.25%, 3/02/11	USD	800	751,000
6.88%, 9/15/11		900	830,250
6.88%, 8/28/12		1,000	870,000
6.75%, 12/01/14		4,290	3,517,800
8.00%, 11/01/31		2,160	1,668,600
			20,659,080
Diversified Telecommunication Services 2.2%			
Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b)		2,600	2,639,000
PAETEC Holding Corp., 8.88%, 6/30/17 (b)		1,100	1,047,750
Qwest Corp., 8.38%, 5/01/16 (b)(i)		4,000	4,040,000
			7,726,750
Electric Utilities 0.4%			
NSG Holdings LLC, 7.75%, 12/15/25 (b)		1,505	1,256,675
Electronic Equipment, Instruments & Components 0.0%			
Muzak Holdings, LLC, 13.00%, 3/15/10 (a)(d)		2,675	268
Food & Staples Retailing 0.1%			
Duane Reade, Inc., 11.75%, 8/01/15 (b)		280	282,800
Food Products 0.4%			
Smithfield Foods, Inc., 10.00%, 7/15/14 (b)		1,250	1,275,000
Health Care Equipment & Supplies 0.6%			
DJO Finance LLC, 10.88%, 11/15/14		2,235	2,145,600
Health Care Providers & Services 0.9%			
Community Health Systems, Inc. Series WI, 8.88%, 7/15/15		3,010	3,021,287
Hotels, Restaurants & Leisure 2.7%			
HRP Myrtle Beach Holdings LLC, 14.50%, 4/01/14 (a)(b)(c)(d)		6,892	689
HRP Myrtle Beach Operations LLC (a)(b)(d):			
7.38%, 4/01/12		5,000	500
12.50%, 4/01/13		5,000	500
Harrah's Operating Co., Inc. (b):			
10.00%, 12/15/15		1,160	829,400
10.00%, 12/15/18		3,240	2,268,000

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Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(d)	2,560	1,126,400
MGM Mirage, 11.13%, 11/15/17 (b)	1,340	1,450,550
Shingle Springs Tribal Gaming Authority, 9.38%, 6/15/15 (b)	380	269,800
Snoqualmie Entertainment Authority, 4.68%, 2/01/14 (b)(f)	1,015	497,350
Travelport LLC, 4.99%, 9/01/14 (f)	2,160	1,566,000
Tropicana Entertainment LLC Series WI, 9.63%, 12/15/14 (a)(d)	530	331
Tunica-Biloxi Gaming Authority, 9.00%, 11/15/15 (b)	1,860	1,655,400

9,664,920

Household Durables 0.6%

KB Home, 6.38%, 8/15/11	180	178,200
Standard Pacific Corp.:		
6.25%, 4/01/14	455	357,175
7.00%, 8/15/15	1,550	1,216,750
Stanley-Martin Communities LLC, 9.75%, 8/15/15	2,250	551,250

2,303,375

Corporate Bonds	Par (000)	Value
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IT Services 1.0%

First Data Corp.:		
9.88%, 9/24/15	USD 1,275	\$ 1,090,125
11.25%, 3/31/16 (b)	1,890	1,445,850
SunGard Data Systems, Inc., 4.88%, 1/15/14	1,265	1,138,500

3,674,475

Independent Power Producers & Energy Traders 1.9%

AES Eastern Energy LP Series 99-B, 9.67%, 1/02/29	1,010	868,600
Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b)	1,250	1,243,750
Energy Future Holdings Corp., 11.25%, 11/01/17 (c)	3,392	1,941,574
NRG Energy, Inc., 8.50%, 6/15/19	800	778,000
Texas Competitive Electric Holdings Co. LLC:		
10.25%, 11/01/15	770	510,125
10.50%, 11/01/16 (c)	2,535	1,406,684

6,748,733

Industrial Conglomerates 2.0%

Sequa Corp. (b):		
11.75%, 12/01/15	5,100	3,213,000
13.50%, 12/01/15 (c)	7,792	4,071,062

7,284,062

Insurance 1.0%

Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)	2,500	2,281,250
USI Holdings Corp., 4.32%, 11/15/14 (b)(f)	1,630	1,259,175

3,540,425

Leisure Equipment & Products 0.6%

Brunswick Corp., 11.25%, 11/01/16 (b)	1,870	1,958,825
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Machinery 2.0%		
CPM Holdings, Inc., 10.63%, 9/01/14 (b)	800	808,000
ESCO Corp., 4.50%, 12/15/13 (b)(f)	3,070	2,739,975
RBS Global, Inc.:		
9.50%, 8/01/14 (b)	660	607,200
8.88%, 9/01/16	1,685	1,352,213
Titan International, Inc., 8.00%, 1/15/12	1,530	1,472,625
		6,980,013
Marine 0.1%		
Navios Maritime Holdings, Inc., 9.50%, 12/15/14	465	406,875
Media 6.1%		
Affinion Group, Inc., 10.13%, 10/15/13	1,080	1,073,250
CSC Holdings, Inc., 8.50%, 4/15/14 (b)	680	690,200
Canadian Satellite Radio Holdings, Inc., 12.75%, 2/15/14	5,000	1,725,000
Charter Communications Holdings LLC (a)(d):		
10.00%, 4/01/09	2,402	3,002
11.13%, 1/15/11	1,319	65,950
10.00%, 5/15/11	1,978	2,473
Intelstat Corp., 9.25%, 8/15/14	4,500	4,567,500
Local Insight Regatta Holdings, Inc., 11.00%, 12/01/17	2,665	1,012,700
Network Communications, Inc., 10.75%, 12/01/13	20	4,050
Nielsen Finance LLC, 11.63%, 2/01/14	5,000	4,962,500
TL Acquisitions, Inc., 10.50%, 1/15/15 (b)	5,230	4,759,300
Virgin Media, Inc., 6.50%, 11/15/16 (b)(h)	3,000	2,718,750
		21,584,675

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Corporate Bonds		Par (000)	Value
Metals & Mining 1.9%			
Aleris International, Inc. (a)(d):			
9.00%, 12/15/14	USD	1,100	\$ 2,750
10.00%, 12/15/16		1,500	3,750
RathGibson, Inc., 11.25%, 2/15/14 (a)(d)		4,440	1,598,400
Ryerson, Inc., 7.86%, 11/01/14 (f)(i)		3,595	3,055,750
Teck Resources Ltd., 10.75%, 5/15/19		1,875	2,135,156
			6,795,806
Oil, Gas & Consumable Fuels 3.1%			
Atlas Energy Operating Co. LLC, 12.13%, 8/01/17		1,440	1,519,200
Atlas Energy Resources LLC, 10.75%, 2/01/18 (b)		525	530,250
Chesapeake Energy Corp., 9.50%, 2/15/15		1,645	1,677,900
Denbury Resources, Inc., 9.75%, 3/01/16		1,875	1,973,438
Forest Oil Corp.:			
8.50%, 2/15/14 (b)		2,265	2,276,325
7.25%, 6/15/19		700	658,000
SandRidge Energy, Inc., 4.22%, 4/01/14 (f)		2,000	1,660,736
Titan Petrochemicals Group Ltd., 8.50%, 3/18/12		1,760	668,800
			10,964,649
Paper & Forest Products 4.6%			
Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c)		10,267	4,070,085
Clearwater Paper Corp., 10.63%, 6/15/16 (b)		640	685,600
Georgia-Pacific LLC, 8.25%, 5/01/16 (b)		2,950	2,979,500
NewPage Corp.:			
6.73%, 5/01/12 (f)		8,000	3,420,000
10.00%, 5/01/12		2,720	1,475,600
12.00%, 5/01/13		2,145	681,038
Verso Paper Holdings LLC:			
11.50%, 7/01/14 (b)		550	539,000
Series B, 4.23%, 8/01/14 (f)		4,400	2,464,000
			16,314,823
Pharmaceuticals 2.1%			
Angiotech Pharmaceuticals, Inc., 4.11%, 12/01/13 (f)		5,000	4,200,000
Elan Finance Plc, 7.75%, 11/15/11		3,525	3,419,250
			7,619,250
Real Estate Investment Trusts (REITs) 0.3%			
RAIT Financial Trust, 6.88%, 4/15/27 (b)(h)		3,500	1,229,375

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Real Estate Management & Development 0.6%

Realogy Corp.:		
10.50%, 4/15/14	375	223,125
12.38%, 4/15/15	5,053	2,046,465
		2,269,590

Semiconductors & Semiconductor Equipment 0.8%

Spansion, Inc., 3.79%, 6/01/13 (a)(b)(d)	3,370	2,990,875
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Software 0.0%

BMS Holdings, Inc., 8.35%, 2/15/12 (b)(c)(f)	1,627	26,118
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Specialty Retail 2.2%

General Nutrition Centers, Inc.:		
6.40%, 3/15/14 (f)	365	321,200
10.75%, 3/15/15	4,480	4,233,600
Michaels Stores, Inc., 11.38%, 11/01/16	2,230	1,917,800
United Auto Group, Inc., 7.75%, 12/15/16	1,380	1,214,400
		7,687,000

Textiles, Apparel & Luxury Goods 0.6%

Levi Strauss & Co., 8.63%, 4/01/13	EUR	1,550	2,122,100
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Corporate Bonds		Par (000)		Value
Wireless Telecommunication Services 4.4%				
Cricket Communications, Inc., 7.75%, 5/15/16 (b)	USD	2,250	\$	2,182,500
Crown Castle International Corp., 9.00%, 1/15/15		385		400,400
Digicel Group Ltd. (b):				
8.88%, 1/15/15		3,560		3,177,300
9.13%, 1/15/15 (c)		7,248		6,387,300
MetroPCS Wireless, Inc., 9.25%, 11/01/14		2,860		2,806,375
Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)		755		679,500
				15,633,375
Total Corporate Bonds 62.7%				222,966,224

Floating Rate Loan Interests

Aerospace & Defense 0.1%

IAP Worldwide Services, Inc., Term Loan (First Lien), 9.25%, 12/30/12 (c)	275	198,458
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Airlines 0.8%

Delta Air Lines, Inc., Credit-Linked Deposit Loan, 0.11% 2.28%, 4/30/12	1,960	1,750,117
US Airways Group, Inc., Loan, 2.76%, 3/21/14	2,197	1,183,286
		2,933,403

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Auto Components 2.8%			
Allison Transmission, Inc., Term Loan, 3.03%, 8/07/14		7,481	6,386,957
Dana Holding Corp., Term Advance, 7.25%, 1/31/15		2,883	2,207,550
The Goodyear Tire & Rubber Co., Loan (Second Lien), 2.02%, 4/30/14		1,050	968,625
Intermet Corp.:			
First Lien Credit Facility, 11.25%, 11/08/10 (a)(c)(d)		373	74,679
Letter of Credit, 0.16%, 11/09/10 (a)(d)		751	277,946
Synthetic Letter of Credit, 11.25%, 11/09/10 (c)		84	31,098
Term Loan B, 11.25%, 11/08/10 (c)		478	176,948
			10,123,803
Beverages 0.2%			
Culligan International Co., Loan (Second Lien), 5.28%, 4/24/13	EUR	1,500	537,604
Building Products 0.6%			
Building Materials Corp. of America, Term Loan Advance, 3.06%, 2/22/14	USD	2,213	2,019,077
Chemicals 3.7%			
Ashland, Inc., Term Loan, 7.65%, 5/13/14		889	903,747
Nalco Co., Term Loan, 6.50%, 5/06/16		1,725	1,748,719
PQ Corp. (fka Niagara Acquisition, Inc.):			
Term Loan (First Lien), 3.52% 3.75%, 7/31/14		1,980	1,631,851
Term Loan (Second Lien), 6.77%, 7/30/15		10,165	5,590,947
Solutia Inc., Loan, 7.25%, 2/28/14		3,217	3,184,494
			13,059,758
Commercial Services & Supplies 0.4%			
Casella Waste Systems, Term Loan B, 7.00%, 12/21/12		390	390,975
John Maneely Co., Term Loan, 3.52% 3.76%, 12/09/13		1,269	994,594
			1,385,569

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Floating Rate Loan Interests		Par (000)		Value
Communications Equipment 0.2%				
Safenet, Inc., Term Loan (First Lien), 2.77%, 4/12/14	USD	980	\$	903,234
Computers & Peripherals 0.3%				
Intergraph Corp., Second Lien Term Loan, 6.26% 6.37%, 11/28/14		1,000		932,500
Construction Materials 0.5%				
Headwaters Inc., Term Loan B1 (First Lien), 9.75%, 4/30/11		1,846		1,785,700
Containers & Packaging 0.5%				
Graham Packaging Co., L.P., Term Loan B, 2.56%, 10/07/11		898		873,017
Smurfit-Stone Container Enterprises, Inc., US Term Loan, Debtor in Possession, 10.00%, 7/28/10		1,018		1,028,157