

BLACKROCK CORPORATE HIGH YIELD FUND III INC  
Form N-CSR  
May 01, 2012  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

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

Investment Company Act file number 811-08497

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Corporate High Yield Fund III, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 02/29/2012

Date of reporting period: 02/29/2012

Item 1 – Report to Stockholders

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February 29, 2012

# Annual Report

BlackRock Corporate High Yield Fund, Inc. (COY)

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

BlackRock Debt Strategies Fund, Inc. (DSU)

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

BlackRock Senior High Income Fund, Inc. (ARK)

**Not FDIC Insured** § No

**Bank Guarantee** § May  
Lose Value

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Dear Shareholder

Risk assets were advancing at this time last year despite a wave of geopolitical revolutions, soaring oil prices and natural disasters in Japan. Markets reversed sharply in May, however, when escalating political strife in Greece rekindled fears about sovereign debt problems spreading across Europe. Concurrently, global economic indicators signaled that the recovery had slowed. Confidence was further shaken by the prolonged debt ceiling debate in Washington, DC. On August 5, 2011, Standard & Poor's downgraded the US government's credit rating and turmoil erupted in financial markets around the world. Extraordinary levels of volatility persisted in the months that followed as Greece teetered on the brink of default, debt problems escalated in Italy and Spain, and exposure to European sovereign bonds stressed banks globally. Financial markets whipsawed on hopes and fears. Macro news flow became a greater influence on trading decisions than the fundamentals of the securities traded. By the end of the third quarter, equity markets had fallen nearly 20% from their April peak while safe-haven assets such as US Treasuries and gold had rallied to historic highs.

October brought enough positive economic data to assuage fears of a global double-dip recession. Additionally, European leaders began to show progress toward stemming the region's debt crisis. Investors began to reenter the markets and risk assets recovered through the month. But a lack of definitive details about Europe's rescue plan eventually raised doubts among investors and thwarted the rally at the end of October. The last two months of 2011 saw more political instability in Greece, unsustainable yields on Italian government bonds, and US policymakers in gridlock over budget issues. Global central bank actions and improving economic data invigorated the markets, but investor confidence was easily tempered by sobering news flow.

Investors showed more optimism at the start of 2012. Risk assets rallied through January and February as economic data grew stronger and debt problems in Europe stabilized. In the United States, jobs data signaled solid improvement in the labor market and the Federal Reserve indicated that it would keep short-term interest rates low through 2014. In Europe, policymakers made significant progress toward securing a Greek bailout plan and restructuring the nation's debt. Nevertheless, considerable headwinds remain. Europe faces a prolonged recession, the US economy still remains somewhat shaky and the risks of additional flare ups of euro-zone debt problems and slowing growth in China weigh heavily on the future of the global economy.

Risk assets, including equities and high yield bonds, recovered their late-summer losses and posted strong returns for the 6-month period ended February 29, 2012. On a 12-month basis, US large-cap stocks and high yield bonds delivered positive results, while small-cap and emerging-market stocks finished slightly negative. International markets, which experienced some significant downturns in 2011, lagged the broader rebound. Fixed income securities, which benefited from declining yields, advanced over the 6- and 12-month periods. Despite their quality rating downgrade, US Treasury bonds performed particularly well. Municipal bonds also delivered superior results. Continued low short-term interest rates kept yields on money market securities near their all-time lows.

Many of the themes that caused uncertainty in 2011 remain. For investors, the risks appear daunting, but this challenging environment offers new opportunities. BlackRock was built for these times. Visit [blackrock.com/newworld](http://blackrock.com/newworld) for more information.

Sincerely,

**Rob Kapito**  
President, BlackRock Advisors, LLC

*For investors, the risks appear daunting, but this challenging environment offers new opportunities. BlackRock was built for these times.*  
**Rob Kapito**  
President, BlackRock Advisors, LLC

**Total Returns as of February 29, 2012**

|  | <b>6-month</b> | <b>12-month</b> |
|--|----------------|-----------------|
|  | 13.31%         | 5.12%           |

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|                                                                                        |       |        |
|----------------------------------------------------------------------------------------|-------|--------|
| US large cap equities<br>(S&P 500® Index)                                              |       |        |
| US small cap equities<br>(Russell 2000® Index)                                         | 12.40 | (0.15) |
| International equities<br>(MSCI Europe, Australasia,<br>Far East Index)                | 4.13  | (7.45) |
| Emerging market<br>equities (MSCI Emerging<br>Markets Index)                           | 5.27  | (0.11) |
| 3-month Treasury<br>bill (BofA Merrill Lynch<br>3-Month Treasury<br>Bill Index)        | 0.00  | 0.08   |
| US Treasury securities<br>(BofA Merrill Lynch 10-<br>Year US Treasury Index)           | 3.70  | 17.22  |
| US investment grade bonds<br>(Barclays US Aggregate<br>Bond Index)                     | 2.73  | 8.37   |
| Tax-exempt municipal<br>bonds (S&P Municipal<br>Bond Index)                            | 5.93  | 12.88  |
| US high yield bonds<br>(Barclays US Corporate<br>High Yield 2% Issuer<br>Capped Index) | 8.62  | 6.92   |

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of February 29, 2012

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

### **Investment Objective**

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

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

### **Portfolio Management Commentary**

#### **How did the Fund perform?**

For the 12 months ended February 29, 2012, the Fund returned 20.39% based on market price and 7.15% 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 14.46% based on market price and 6.86% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

The Fund s positive performance during the 12-month period was driven largely by security selection among higher-quality and non-rated credits. The Fund s exposure to Charter Communications, Inc. boosted returns, as did holdings of Delphi Automotive Plc stock received in connection with the company s reorganization in 2009. Overall, risk assets performed well over the period despite sharp volatility in the latter half of 2011.

Assets with higher duration (greater sensitivity to interest rate movements) benefited most from the drop in interest rates over the period. Accordingly, the high yield market underperformed US Treasuries, investment grade corporate bonds and emerging market debt securities. The Fund s performance was negatively impacted by security selection within the mid-tier credit quality range. On a sector basis, selection within automotive, independent energy and paper detracted. The Fund reduced its allocation to floating rate loan interests (bank loans) during the period as the asset class underperformed relative to high yield bonds and higher quality investments.

The Fund uses credit default swaps to express a particular view in an individual credit name and as a means of managing risk. It also utilizes credit default swaps on a basket of securities in order to put cash to work or quickly increase or decrease the portfolio s exposure to market movements. The Fund may also use stock futures and options to hedge the equity risk inherent within an individual position or group of positions. Stock futures are an efficient mechanism for reducing risk under certain market conditions. The Fund also uses forward contracts on foreign currencies to hedge the currency risk of non-dollar denominated bonds. During the period, the use of derivatives had an overall positive impact on Fund returns.

#### **Describe recent portfolio activity.**

During the 12-month period, the Fund s positioning grew more conservative as the outlook for global growth deteriorated. The Fund migrated toward more resilient, higher-quality issuers paying attractive yields while reducing exposure to lower-quality issuers and higher-beta securities (those with greater sensitivity to market movements) that are more vulnerable to the economic cycle.

However, the environment shifted in December when the European Central Bank announced a long-term refinancing operation. This liquidity program provided a much-needed short-term solution for the financial markets and mitigated the risk of a collapse in the European banking system. Moreover, it was the catalyst for a positive turn in the valuation of risk assets. Given these developments, the

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Fund started selectively adding back some risk in names with appealing risk-reward characteristics. Despite this modest shift to risk-on, the Fund maintained its higher-quality, income-oriented bias throughout the period. The Fund continued to seek issuers with superior fundamentals (solid cash flows, earnings visibility and attractive downside protection), while generally remaining cautious of higher-beta credits and the more cyclical sectors.

### **Describe portfolio positioning at period end.**

At period end, the Fund held 80% of its total portfolio in corporate bonds, 12% in floating rate loan interests (bank loans), with the remainder in common stocks, preferred securities and other interests. The Fund's largest sector exposures included non-cable media, wireless and independent energy, while its portfolio holdings reflected less emphasis on the more cyclical segments of the market such as gaming, building materials and technology. The Fund ended the period with economic leverage at 21% of its total managed assets.

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

## BlackRock Corporate High Yield Fund, Inc.

**Fund Information**

|                                                                             |               |
|-----------------------------------------------------------------------------|---------------|
| Symbol on New York Stock Exchange ( NYSE )                                  | COY           |
| Initial Offering Date                                                       | June 25, 1993 |
| Yield on Closing Market Price as of February 29, 2012 (\$7.76) <sup>1</sup> | 7.89%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.051       |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.612       |
| Economic Leverage as of February 29, 2012 <sup>3</sup>                      | 21%           |

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

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

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 2/29/12 | 2/28/11 | Change  | High   | Low    |
|-----------------|---------|---------|---------|--------|--------|
| Market Price    | \$7.76  | \$7.03  | 10.38%  | \$7.82 | \$5.99 |
| Net Asset Value | \$7.29  | \$7.42  | (1.75)% | \$7.56 | \$6.45 |

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**

|                              | 2/29/12 | 2/28/11 |
|------------------------------|---------|---------|
| Corporate Bonds              | 80%     | 85%     |
| Floating Rate Loan Interests | 12      | 7       |
| Common Stocks                | 5       | 5       |
| Preferred Securities         | 2       | 1       |
| Other Interests              | 1       | 2       |

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

|           | 2/29/12 | 2/28/11 |
|-----------|---------|---------|
| A         | 1%      | 1%      |
| BBB/Baa   | 6       | 4       |
| BB/Ba     | 42      | 31      |
| B         | 40      | 46      |
| CCC/Caa   | 10      | 13      |
| Not Rated | 1       | 5       |

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





Fund Summary as of February 29, 2012

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

### **Investment Objective**

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

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

### **Portfolio Management Commentary**

#### **How did the Fund perform?**

For the 12 months ended February 29, 2012, the Fund returned 18.62% based on market price and 7.11% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 14.46% based on market price and 6.86% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period-end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

The Fund s positive performance during the 12-month period was driven largely by security selection among higher-quality credits. The Fund s exposure to Charter Communications, Inc. boosted returns, as did holdings of Delphi Automotive Plc stock received in connection with the company s reorganization in 2009. Overall, risk assets performed well over the period despite sharp volatility in the latter half of 2011.

Assets with higher duration (greater sensitivity to interest rate movements) benefited most from the drop in interest rates over the period. Accordingly, the high yield market underperformed US Treasuries, investment grade corporate bonds and emerging market debt securities. The Fund s performance was negatively impacted by security selection within the mid-tier credit quality range. On a sector basis, selection within automotive, independent energy and paper detracted. The Fund reduced its allocation to floating rate loan interests (bank loans) during the period as the asset class underperformed relative to high yield bonds and higher-quality investments.

The Fund uses credit default swaps to express a particular view in an individual credit name and as a means of managing risk. It also utilizes credit default swaps on a basket of securities in order to put cash to work or quickly increase or decrease the portfolio s exposure to market movements. The Fund may also use stock futures and options to hedge the equity risk inherent within an individual position or group of positions. Stock futures are an efficient mechanism for reducing risk under certain market conditions. The Fund also uses forward contracts on foreign currencies to hedge the currency risk of non-dollar denominated bonds. During the period, the use of derivatives had an overall positive impact on Fund returns.

#### **Describe recent portfolio activity.**

During the 12-month period, the Fund s positioning grew more conservative as the outlook for global growth deteriorated. The Fund migrated toward more resilient, higher-quality issuers paying attractive yields while reducing exposure to lower-quality issuers and higher-beta securities (those with greater sensitivity to market movements) that are more vulnerable to the economic cycle.

However, the environment shifted in December when the European Central Bank announced a long-term refinancing operation. This liquidity program provided a much-needed short-term solution for the financial markets and mitigated the risk of a collapse in the European banking system. Moreover, it was the catalyst for a positive turn in the valuation of risk assets. Given these developments, the Fund started selectively adding back some risk in names with appealing risk-reward characteristics. Despite this modest shift to risk-on, the Fund maintained its higher-quality, income-oriented bias throughout the period. The Fund continued to seek issuers with superior fundamentals (solid cash flows, earnings visibility and attractive downside protection), while generally remaining cautious of

higher-beta credits and the more cyclical sectors.

**Describe portfolio positioning at period end.**

At period end, the Fund held 77% of its total portfolio in corporate bonds, 15% in floating rate loan interests (bank loans), with the remainder in common stocks and preferred securities. The Fund's largest sector exposures included non-cable media, wireless and independent energy, while its portfolio holdings reflected less emphasis on the more cyclical segments of the market such as gaming, building materials and technology. The Fund ended the period with economic leverage at 24% of its total managed assets.

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

|                                                                             |                  |
|-----------------------------------------------------------------------------|------------------|
| Symbol on NYSE                                                              | CYE              |
| Initial Offering Date                                                       | January 30, 1998 |
| Yield on Closing Market Price as of February 29, 2012 (\$7.75) <sup>1</sup> | 7.90%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.051          |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.612          |
| Economic Leverage as of February 29, 2012 <sup>3</sup>                      | 24%              |

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

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

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 2/29/12 | 2/28/11 | Change  | High   | Low    |
|-----------------|---------|---------|---------|--------|--------|
| Market Price    | \$7.75  | \$7.14  | 8.54%   | \$7.75 | \$6.08 |
| Net Asset Value | \$7.41  | \$7.56  | (1.98)% | \$7.70 | \$6.54 |

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**

|                              | 2/29/12 | 2/28/11 |
|------------------------------|---------|---------|
| Corporate Bonds              | 77%     | 80%     |
| Floating Rate Loan Interests | 15      | 11      |
| Common Stocks                | 6       | 5       |
| Preferred Securities         | 2       | 2       |
| Other Interests              |         | 2       |

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

|           | 2/29/12 | 2/28/11 |
|-----------|---------|---------|
| A         | 1%      |         |
| BBB/Baa   | 7       | 4%      |
| BB/Ba     | 38      | 31      |
| B         | 43      | 46      |
| CCC/Caa   | 10      | 14      |
| Not Rated | 1       | 5       |

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



Fund Summary as of February 29, 2012

**BlackRock Debt Strategies Fund, Inc.**

### **Investment Objective**

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

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

### **Portfolio Management Commentary**

#### **How did the Fund perform?**

For the 12 months ended February 29, 2012, the Fund returned 10.47% based on market price and 4.53% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 14.46% based on market price and 6.86% based on NAV. All returns reflect reinvestment of dividends. The Fund began the period with a discount to NAV, and ended the period with neither a discount nor a premium, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

The Fund s positive performance during the 12-month period was driven largely by security selection among non-rated credits. On a sector basis, selection in non-cable media, chemicals and electric names boosted returns. The Fund s tactical exposure to convertible bonds had a positive impact on performance and the use of leverage was an additional contributor.

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

#### **Describe recent portfolio activity.**

As the outlook for global growth deteriorated and the European debt crisis intensified during the period, the Fund shifted to a more conservative stance by reducing exposure to higher-beta securities (those with greater sensitivity to market movements) while implementing hedging strategies and increasing its allocation to cash.

However, the environment shifted in December when the European Central Bank announced a long-term refinancing operation. This liquidity program provided a much-needed short-term solution for the financial markets and mitigated the risk of a collapse in the European banking system. Moreover, it was the catalyst for a positive turn in the valuation of risk assets. Given these developments, the Fund added some risk back into the portfolio. The Fund removed hedges and returned to a fully invested posture amid the liquidity-driven credit rally as global sentiment improved and tail risk for financial markets declined. Though the Fund shifted to a more risk-on stance, it continued to favor higher-quality issuers and sought those with stable cash flows and visible earnings, while generally remaining cautious of higher-beta credits with greater sensitivity to the economic cycle.

#### **Describe portfolio positioning at period end.**

At period end, the Fund held 54% of its total portfolio in floating rate loan interests (bank loans), 43% in corporate bonds, with the remainder in common stocks, asset-backed securities and other interests. The Fund s largest sector exposures included cable media, independent energy and chemicals. The Fund ended the period with economic leverage at 25% of its total managed assets.

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

## BlackRock Debt Strategies Fund, Inc.

## Fund Information

|                                                                             |                |
|-----------------------------------------------------------------------------|----------------|
| Symbol on NYSE                                                              | DSU            |
| Initial Offering Date                                                       | March 27, 1998 |
| Yield on Closing Market Price as of February 29, 2012 (\$4.13) <sup>1</sup> | 7.85%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.027        |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.324        |
| Economic Leverage as of February 29, 2012 <sup>3</sup>                      | 25%            |

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

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

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 2/29/12 | 2/28/11 | Change  | High   | Low    |
|-----------------|---------|---------|---------|--------|--------|
| Market Price    | \$4.13  | \$4.05  | 1.98%   | \$4.43 | \$3.45 |
| Net Asset Value | \$4.13  | \$4.28  | (3.50)% | \$4.31 | \$3.79 |

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

|                              | 2/29/12 | 2/28/11 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 54%     | 53%     |
| Corporate Bonds              | 43      | 43      |
| Common Stocks                | 1       | 1       |
| Asset-Backed Securities      | 1       | 2       |
| Other Interests              | 1       | 1       |

Credit Quality Allocations<sup>4</sup>

|           | 2/29/12 | 2/28/11 |
|-----------|---------|---------|
| A         | 1%      |         |
| BBB/Baa   | 5       | 7%      |
| BB/Ba     | 36      | 29      |
| B         | 45      | 45      |
| CCC/Caa   | 8       | 11      |
| Not Rated | 5       | 8       |

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





Fund Summary as of February 29, 2012

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

### **Investment Objective**

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

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

### **Portfolio Management Commentary**

#### **How did the Fund perform?**

For the 12 months ended February 29, 2012, the Fund returned (0.61)% based on market price and 3.41% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (1.41)% based on market price and 2.78% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

Positive performance during the 12-month period was driven largely by security selection among higher-quality loan instruments and non-rated credits. On a sector basis, selection in chemicals, electric and non-cable media helped performance. The Fund s tactical exposure to high yield bonds proved beneficial as the asset class outperformed bank loans over the 12-month period.

Bank Loans underperformed high yield and assets with higher duration (greater sensitivity to interest rate movements), hindering the Fund s performance for the period. Security selection among lower-quality bank loans also detracted from results. On a sector basis, selection within paper and technology pared the Fund s gains for the period.

#### **Describe recent portfolio activity.**

The period began with severe market volatility in reaction to headwinds from Europe s debt crisis and a possible US government shut-down. However, the environment shifted in December when the European Central Bank announced a long-term refinancing operation. This liquidity program provided a much-needed short-term solution for the financial markets and mitigated the risk of a collapse in the European banking system. Moreover, it was the catalyst for a positive turn in the valuation of risk assets.

During the period, the Fund maintained its focus on the higher quality portions of the loan market in terms of loan structure, liquidity and overall credit quality. Given the weak outlook for global growth, the Fund remained cautious of lower-rated less-liquid loans. The Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. While the developments during the period bode well for the posture of risk markets going forward, the Fund continues to maintain a high quality bias.

#### **Describe portfolio positioning at period end.**

At period end, the Fund held 84% of its total portfolio in floating rate loan interests (bank loans), 13% in corporate bonds, with the remainder in asset-backed securities and common stocks. The Fund s largest sector exposures included wireless, non-captive diversified financials and chemicals. The Fund ended the period with economic leverage at 22% of its total managed assets.

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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.

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

|                                                                              |               |
|------------------------------------------------------------------------------|---------------|
| Symbol on NYSE                                                               | FRB           |
| Initial Offering Date                                                        | July 30, 2004 |
| Yield on Closing Market Price as of February 29, 2012 (\$13.21) <sup>1</sup> | 6.63%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                   | \$0.073       |
| Current Annualized Distribution per Common Share <sup>2</sup>                | \$0.876       |
| Economic Leverage as of February 29, 2012 <sup>3</sup>                       | 22%           |

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

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

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 2/29/12 | 2/28/11 | Change  | High    | Low     |
|-----------------|---------|---------|---------|---------|---------|
| Market Price    | \$13.21 | \$14.22 | (7.10)% | \$14.79 | \$11.39 |
| Net Asset Value | \$13.60 | \$14.07 | (3.34)% | \$14.12 | \$12.66 |

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

**Portfolio Composition**

|                              | 2/29/12 | 2/28/11 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 84%     | 81%     |
| Corporate Bonds              | 13      | 15      |
| Asset-Backed Securities      | 2       | 3       |
| Common Stocks                | 1       |         |
| Other Interests              |         | 1       |

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

|           | 2/29/12 | 2/28/11 |
|-----------|---------|---------|
| BBB/Baa   | 10%     | 7%      |
| BB/Ba     | 36      | 34      |
| B         | 39      | 42      |
| CCC/Caa   | 7       | 8       |
| Not Rated | 8       | 9       |

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



Fund Summary as of February 29, 2012

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

**Investment Objective**

**BlackRock Senior High Income Fund, Inc. s (ARK) (the Fund )** investment objective is to provide high current income by investing principally in senior debt obligations of companies, including corporate loans made by banks and other financial institutions and both privately placed and publicly offered corporate bonds and notes. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Portfolio Management Commentary**

**How did the Fund perform?**

For the 12 months ended February 29, 2012, the Fund returned 5.54% based on market price and 6.86% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 14.46% based on market price and 6.86% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

The Fund s positive performance during the 12-month period was driven largely by security selection among non-rated credits. Selection among lower-rated credits had a modestly positive impact. On a sector basis, selection in chemicals, non-cable media and electric names boosted returns. The Fund s tactical exposure to convertible bonds proved beneficial and the use of leverage was an additional contributor.

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

**Describe recent portfolio activity.**

As the outlook for global growth deteriorated and the European debt crisis intensified during the period, the Fund shifted to more conservative stance by reducing exposure to higher-beta securities (those with greater sensitivity to market movements) while implementing hedging strategies and increasing its allocation to cash.

However, the environment shifted in December when the European Central Bank announced a long-term refinancing operation. This liquidity program provided a much-needed short-term solution for the financial markets and mitigated the risk of a collapse in the European banking system. Moreover, it was the catalyst for a positive turn in the valuation of risk assets. Given these developments, the Fund added some risk back into the portfolio. The Fund removed hedges and returned to a fully invested posture amid the liquidity-driven credit rally as global sentiment improved and tail risk for financial markets declined. Though the Fund shifted to a more risk-on stance, it continued to favor higher-quality issuers and sought those with stable cash flows and visible earnings, while generally remaining cautious of higher-beta credits with greater sensitivity to the economic cycle.

**Describe portfolio positioning at period end.**

At period end, the Fund held 56% of its total portfolio in floating rate loan interests (bank loans), 41% in corporate bonds, with the remainder in asset-backed securities and common stocks. The Fund s largest sector exposures included cable media, independent energy and chemicals. The Fund ended the period with economic leverage at 23% of its total managed assets.

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

|                                                                             |                |
|-----------------------------------------------------------------------------|----------------|
| Symbol on NYSE                                                              | ARK            |
| Initial Offering Date                                                       | April 30, 1993 |
| Yield on Closing Market Price as of February 29, 2012 (\$4.06) <sup>1</sup> | 7.39%          |
| Current Monthly Distribution per Common Share <sup>2</sup>                  | \$0.025        |
| Current Annualized Distribution per Common Share <sup>2</sup>               | \$0.300        |
| Economic Leverage as of February 29, 2012 <sup>3</sup>                      | 23%            |

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

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

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

|                 | 2/29/12 | 2/28/11 | Change  | High   | Low    |
|-----------------|---------|---------|---------|--------|--------|
| Market Price    | \$4.06  | \$4.18  | (2.87)% | \$4.31 | \$3.42 |
| Net Asset Value | \$4.15  | \$4.22  | (1.66)% | \$4.27 | \$3.86 |

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**

|                              | 2/29/12 | 2/28/11 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 56%     | 53%     |
| Corporate Bonds              | 41      | 43      |
| Asset-Backed Securities      | 2       | 2       |
| Common Stocks                | 1       | 1       |
| Other Interests              |         | 1       |

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

|           | 2/29/12 | 2/28/11 |
|-----------|---------|---------|
| A         | 1%      |         |
| BBB/Baa   | 6       | 9%      |
| BB/Ba     | 39      | 31      |
| B         | 48      | 49      |
| CCC/Caa   | 3       | 3       |
| Not Rated | 3       | 8       |

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





### The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV of their common shares ( Common Shares ). However, these objectives cannot be achieved in all interest rate environments.

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

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

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

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

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

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

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Funds are permitted to issue senior securities representing indebtedness up to 33<sup>1</sup>/<sub>3</sub>% of their total managed assets (each Fund's net assets plus the proceeds of any outstanding borrowings). In addition, each Fund voluntarily limits its aggregate economic leverage to 50% of its managed assets. As of February 29, 2012, the Funds had aggregate economic leverage from borrowings through a credit facility as a percentage of their total managed assets as follows:

|     | <b>Percent of<br/>Economic<br/>Leverage</b> |
|-----|---------------------------------------------|
| COY | 21%                                         |
| CYE | 24%                                         |
| DSU | 25%                                         |
| FRB | 22%                                         |

### Derivative Financial Instruments

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

Consolidated Schedule of Investments February 29, 2012

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

| Common Stocks                                                                        | Shares  | Value      |
|--------------------------------------------------------------------------------------|---------|------------|
| <b>Auto Components 3.2%</b>                                                          |         |            |
| Dana Holding Corp. (a)                                                               | 59,640  | \$ 954,241 |
| Delphi Automotive Plc (a)                                                            | 11,906  | 381,005    |
| Delphi Automotive Plc (180-day lock)<br>(acquired 11/17/11, cost \$2,338,924) (a)(b) | 220,982 | 6,894,626  |
|                                                                                      |         | 8,229,872  |
| <b>Capital Markets 0.3%</b>                                                          |         |            |
| E*Trade Financial Corp. (a)                                                          | 68,100  | 655,803    |
| <b>Commercial Banks 0.3%</b>                                                         |         |            |
| CIT Group, Inc. (a)                                                                  | 15,510  | 631,412    |
| <b>Communications Equipment 0.3%</b>                                                 |         |            |
| Loral Space & Communications Ltd. (a)                                                | 11,463  | 816,624    |
| <b>Containers &amp; Packaging 0.0%</b>                                               |         |            |
| Smurfit Kappa Plc (a)                                                                | 3,634   | 36,895     |
| <b>Diversified Financial Services 0.6%</b>                                           |         |            |
| Kcad Holdings I Ltd.                                                                 | 178,231 | 1,631,702  |
| <b>Diversified Telecommunication Services 0.1%</b>                                   |         |            |
| Level 3 Communications, Inc. (a)                                                     | 14,120  | 343,257    |
| <b>Electrical Equipment 0.0%</b>                                                     |         |            |
| Medis Technologies Ltd. (a)                                                          | 67,974  | 340        |
| <b>Energy Equipment &amp; Services 1.0%</b>                                          |         |            |
| Laricina Energy Ltd. (a)                                                             | 35,294  | 1,515,988  |
| Osum Oil Sands Corp. (a)                                                             | 74,000  | 934,863    |
| Transocean Ltd.                                                                      | 5,000   | 266,700    |
|                                                                                      |         | 2,717,551  |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>                                        |         |            |
| Travelport Worldwide Ltd.                                                            | 70,685  | 35,343     |
| <b>Media 1.7%</b>                                                                    |         |            |
| Belo Corp., Class A                                                                  | 43,324  | 310,633    |
| Charter Communications, Inc. (a)                                                     | 59,916  | 3,799,273  |
| Clear Channel Outdoor Holdings, Inc., Class A (a)                                    | 8,934   | 118,197    |
|                                                                                      |         | 4,228,103  |
| <b>Metals &amp; Mining 0.2%</b>                                                      |         |            |
| African Minerals Ltd. (a)                                                            | 40,400  | 369,340    |
| <b>Paper &amp; Forest Products 0.1%</b>                                              |         |            |
| Ainsworth Lumber Co. Ltd.                                                            | 41,686  | 65,723     |
| Ainsworth Lumber Co. Ltd. (c)                                                        | 36,744  | 57,932     |
| Western Forest Products, Inc. (a)                                                    | 147,968 | 143,564    |
| Western Forest Products, Inc. (a)(c)                                                 | 41,528  | 40,292     |
|                                                                                      |         | 307,511    |
| <b>Professional Services 0.0%</b>                                                    |         |            |
| Pendrell Corp. (a)                                                                   | 3,200   | 7,744      |
| <b>Road &amp; Rail 0.2%</b>                                                          |         |            |
| Dollar Thrifty Automotive Group, Inc. (a)                                            | 5,500   | 417,505    |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.3%</b>                         |         |            |
| Spanion, Inc., Class A (a)                                                           | 60,342  | 772,378    |
| SunPower Corp. (a)                                                                   | 123     | 926        |
|                                                                                      |         | 773,304    |

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| Common Stocks                             | Shares | Value      |
|-------------------------------------------|--------|------------|
| <b>Software 0.0%</b>                      |        |            |
| Bankruptcy Management Solutions, Inc. (a) | 468    | \$ 9       |
| HMH Holdings/EduMedia (a)                 | 82,415 | 20,604     |
|                                           |        | 20,613     |
| <b>Total Common Stocks 8.3%</b>           |        | 21,222,919 |

| Corporate Bonds                            | Par<br>(000) |           |
|--------------------------------------------|--------------|-----------|
| <b>Aerospace &amp; Defense 0.5%</b>        |              |           |
| Huntington Ingalls Industries, Inc.:       |              |           |
| 6.88%, 3/15/18                             | USD 210      | 221,025   |
| 7.13%, 3/15/21                             | 295          | 316,019   |
| Kratos Defense & Security Solutions, Inc., |              |           |
| 10.00%, 6/01/17                            | 716          | 771,490   |
|                                            |              | 1,308,534 |

|                                         |     |           |
|-----------------------------------------|-----|-----------|
| <b>Air Freight &amp; Logistics 0.5%</b> |     |           |
| National Air Cargo Group, Inc.:         |     |           |
| Series 1, 12.38%, 9/02/15               | 593 | 618,153   |
| Series 2, 12.38%, 8/16/15               | 599 | 624,794   |
|                                         |     | 1,242,947 |

|                                                      |       |           |
|------------------------------------------------------|-------|-----------|
| <b>Airlines 2.2%</b>                                 |       |           |
| American Airlines Pass-Through Trust, Series 2011-2, |       |           |
| Class A, 8.63%, 4/15/23                              | 1,038 | 1,100,280 |
| Continental Airlines, Inc.:                          |       |           |
| 6.75%, 9/15/15 (c)                                   | 540   | 545,400   |
| 6.90%, 7/02/18                                       | 268   | 267,116   |
| Series 2010-1, Class B, 6.00%, 7/12/20               | 384   | 372,290   |
| Delta Air Lines, Inc.:                               |       |           |
| Series 2009-1-B, 9.75%, 6/17/18                      | 180   | 190,654   |
| Series 2010-1-B, 6.38%, 7/02/17                      | 447   | 417,945   |
| United Air Lines, Inc., 12.75%, 7/15/12              | 1,964 | 2,032,906 |
| US Airways Pass-Through Trust, Series 2011-1,        |       |           |
| Class C, 10.88%, 10/22/14                            | 630   | 630,000   |
|                                                      |       | 5,556,591 |

|                                                     |       |           |
|-----------------------------------------------------|-------|-----------|
| <b>Auto Components 1.8%</b>                         |       |           |
| Allison Transmission, Inc., 11.00%, 11/01/15 (c)    | 68    | 71,825    |
| Baker Corp. International, Inc., 8.25%, 6/01/19 (c) | 190   | 193,800   |
| Dana Holding Corp., 6.75%, 2/15/21                  | 410   | 443,825   |
| Delphi Corp., 6.13%, 5/15/21 (c)                    | 150   | 160,875   |
| Icahn Enterprises LP, 8.00%, 1/15/18                | 2,995 | 3,174,700 |
| International Automotive Components Group, SL,      |       |           |
| 9.13%, 6/01/18 (c)                                  | 40    | 35,600    |
| Titan International, Inc., 7.88%, 10/01/17          | 430   | 456,875   |
|                                                     |       | 4,537,500 |

|                                      |         |         |
|--------------------------------------|---------|---------|
| <b>Beverages 0.4%</b>                |         |         |
| Cott Beverages, Inc., 8.13%, 9/01/18 | 245     | 270,112 |
| Crown European Holdings SA:          |         |         |
| 7.13%, 8/15/18 (c)                   | EUR 277 | 395,342 |
| 7.13%, 8/15/18                       | 221     | 315,417 |
|                                      |         | 980,871 |

**Portfolio Abbreviations**

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

|            |                      |
|------------|----------------------|
| <b>CAD</b> | Canadian Dollar      |
| <b>ETF</b> | Exchange-Traded Fund |

|             |                                         |
|-------------|-----------------------------------------|
| <b>DIP</b>  | Debtor-In-Possession                    |
| <b>EUR</b>  | Euro                                    |
| <b>FKA</b>  | Formerly Known As                       |
| <b>GBP</b>  | British Pound                           |
| <b>SPDR</b> | Standard and Poor's Depository Receipts |
| <b>USD</b>  | US Dollar                               |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                   | Par<br>(000) | Value      |
|---------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                            |              |            |
| <b>Biotechnology 0.1%</b>                         |              |            |
| QHP Pharma, 10.25%, 3/15/15 (c)                   | USD 218      | \$ 219,339 |
| <b>Building Products 0.7%</b>                     |              |            |
| Building Materials Corp. of America (c):          |              |            |
| 7.00%, 2/15/20                                    | 410          | 444,850    |
| 6.75%, 5/01/21                                    | 930          | 1,011,375  |
| Momentive Performance Materials, Inc.,            |              |            |
| 11.50%, 12/01/16                                  | 435          | 365,400    |
|                                                   |              | 1,821,625  |
| <b>Capital Markets 1.0%</b>                       |              |            |
| American Capital Ltd., 7.96%, 12/31/13 (d)        | 650          | 662,051    |
| E*Trade Financial Corp.:                          |              |            |
| 12.50%, 11/30/17 (e)                              | 980          | 1,141,700  |
| 3.43%, 8/31/19 (c)(f)(g)                          | 226          | 213,853    |
| KKR Group Finance Co., 6.38%, 9/29/20 (c)         | 600          | 638,530    |
|                                                   |              | 2,656,134  |
| <b>Chemicals 4.0%</b>                             |              |            |
| American Pacific Corp., 9.00%, 2/01/15            | 800          | 780,000    |
| Ashland, Inc., 9.13%, 6/01/17                     | 395          | 443,388    |
| Basell Finance Co. BV, 8.10%, 3/15/27 (c)         | 455          | 520,975    |
| Celanese US Holdings LLC, 5.88%, 6/15/21          | 1,640        | 1,787,600  |
| Chemtura Corp., 7.88%, 9/01/18                    | 345          | 370,875    |
| Hexion U.S. Finance Corp., 9.00%, 11/15/20        | 285          | 279,300    |
| Huntsman International LLC, 8.63%, 3/15/21        | 155          | 175,150    |
| Ineos Finance Plc, 8.38%, 2/15/19 (c)             | 430          | 456,875    |
| Kinove German Bondco GmbH, 10.00%, 6/15/18        | EUR 350      | 479,128    |
| Kraton Polymers LLC, 6.75%, 3/01/19               | USD 115      | 117,300    |
| Lyondell Chemical Co., 11.00%, 5/01/18            | 2,516        | 2,758,076  |
| LyondellBasell Industries NV, 6.00%, 11/15/21 (c) | 145          | 159,138    |
| Nexeo Solutions LLC, 8.38%, 3/01/18 (c)           | 170          | 170,000    |
| OXEA Finance/Cy SCA, 9.63%, 7/15/17 (c)           | EUR 366      | 523,835    |
| PolyOne Corp., 7.38%, 9/15/20                     | USD 200      | 215,500    |
| Solutia, Inc., 7.88%, 3/15/20                     | 565          | 662,462    |
| TPC Group LLC, 8.25%, 10/01/17                    | 310          | 327,050    |
|                                                   |              | 10,226,652 |
| <b>Commercial Banks 2.4%</b>                      |              |            |
| CIT Group, Inc.:                                  |              |            |
| 7.00%, 5/02/16 (c)                                | 2,245        | 2,247,806  |
| 7.00%, 5/01/17                                    | 955          | 955,000    |
| 7.00%, 5/02/17 (c)                                | 2,395        | 2,397,994  |
| 5.50%, 2/15/19 (c)                                | 550          | 561,687    |
|                                                   |              | 6,162,487  |
| <b>Commercial Services &amp; Supplies 1.9%</b>    |              |            |
| ACCO Brands Corp., 10.63%, 3/15/15                | 305          | 336,647    |
| Aviation Capital Group Corp., 6.75%, 4/06/21 (c)  | 500          | 495,620    |
| Brickman Group Holdings, Inc., 9.13%,             |              |            |
| 11/01/18 (c)                                      | 24           | 22,800     |
| Casella Waste Systems, Inc., 7.75%, 2/15/19       | 610          | 606,950    |
| Clean Harbors, Inc., 7.63%, 8/15/16               | 320          | 339,200    |
| Iron Mountain, Inc., 7.75%, 10/01/19              | 380          | 419,900    |
| Mobile Mini, Inc., 7.88%, 12/01/20                | 335          | 351,750    |

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|                                     |     |     |           |
|-------------------------------------|-----|-----|-----------|
| RSC Equipment Rental, Inc.:         |     |     |           |
| 10.00%, 7/15/17 (c)                 |     | 555 | 643,800   |
| 8.25%, 2/01/21                      |     | 800 | 848,000   |
| Verisure Holding AB:                |     |     |           |
| 8.75%, 9/01/18                      | EUR | 169 | 227,410   |
| 8.75%, 12/01/18                     |     | 100 | 118,575   |
| WCA Waste Corp., 7.50%, 6/15/19 (c) | USD | 310 | 313,875   |
| West Corp., 8.63%, 10/01/18         |     | 125 | 137,187   |
|                                     |     |     | 4,861,714 |

| Corporate Bonds                                             |     | Par<br>(000) | Value      |
|-------------------------------------------------------------|-----|--------------|------------|
| <b>Communications Equipment 0.7%</b>                        |     |              |            |
| Avaya, Inc., 9.75%, 11/01/15                                | USD | 650          | \$ 650,000 |
| Frontier Communications Corp., 6.25%, 1/15/13               |     | 830          | 856,975    |
| Hughes Satellite Systems Corp., 6.50%, 6/15/19              |     | 340          | 360,400    |
|                                                             |     |              | 1,867,375  |
| <b>Computers &amp; Peripherals 0.1%</b>                     |     |              |            |
| SanDisk Corp., 1.50%, 8/15/17 (g)                           |     | 200          | 239,500    |
| <b>Construction &amp; Engineering 0.1%</b>                  |     |              |            |
| Abengoa SA, 8.50%, 3/31/16                                  | EUR | 100          | 136,587    |
| Boart Longyear Management Property Ltd., 7.00%, 4/01/21 (c) | USD | 175          | 184,188    |
|                                                             |     |              | 320,775    |
| <b>Construction Materials 0.2%</b>                          |     |              |            |
| Xefin Lux SCA:                                              |     |              |            |
| 8.00%, 6/01/18                                              | EUR | 100          | 133,896    |
| 8.00%, 6/01/18 (c)                                          |     | 233          | 311,978    |
|                                                             |     |              | 445,874    |
| <b>Consumer Finance 1.5%</b>                                |     |              |            |
| Credit Acceptance Corp., 9.13%, 2/01/17                     | USD | 435          | 463,275    |
| Ford Motor Credit Co. LLC:                                  |     |              |            |
| 7.80%, 6/01/12                                              |     | 200          | 202,465    |
| 7.00%, 4/15/15                                              |     | 1,890        | 2,097,900  |
| 12.00%, 5/15/15                                             |     | 670          | 842,487    |
| 6.63%, 8/15/17                                              |     | 131          | 148,445    |
|                                                             |     |              | 3,754,572  |
| <b>Containers &amp; Packaging 1.3%</b>                      |     |              |            |
| Ardagh Packaging Finance Plc (c):                           |     |              |            |
| 7.38%, 10/15/17                                             |     | 205          | 220,375    |
| 7.38%, 10/15/17                                             | EUR | 335          | 470,868    |
| 9.13%, 10/15/20                                             | USD | 365          | 376,862    |
| Berry Plastics Corp.:                                       |     |              |            |
| 4.42%, 9/15/14 (h)                                          |     | 275          | 263,312    |
| 8.25%, 11/15/15                                             |     | 110          | 118,250    |
| 9.75%, 1/15/21                                              |     | 330          | 353,100    |
| GCL Holdings SCA, 9.38%, 4/15/18 (c)                        | EUR | 244          | 290,135    |
| Graphic Packaging International, Inc., 7.88%, 10/01/18      | USD | 340          | 374,000    |
| OI European Group BV, 6.88%, 3/31/17                        | EUR | 152          | 210,610    |
| Sealed Air Corp., 8.38%, 9/15/21                            | USD | 235          | 269,075    |
| Smurfit Kappa Acquisitions, 7.75%, 11/15/19 (c)             | EUR | 296          | 424,924    |
|                                                             |     |              | 3,371,511  |
| <b>Diversified Consumer Services 1.5%</b>                   |     |              |            |
| Service Corp. International, 7.00%, 6/15/17                 | USD | 2,800        | 3,136,000  |
| ServiceMaster Co., 8.00%, 2/15/20 (c)                       |     | 605          | 638,275    |
|                                                             |     |              | 3,774,275  |
| <b>Diversified Financial Services 4.9%</b>                  |     |              |            |
| Ally Financial, Inc.:                                       |     |              |            |
| 7.50%, 12/31/13                                             |     | 350          | 372,750    |
| 8.30%, 2/12/15                                              |     | 530          | 585,650    |



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|                                                       |     |       |           |
|-------------------------------------------------------|-----|-------|-----------|
| 6.25%, 12/01/17                                       |     | 480   | 496,137   |
| 7.50%, 9/15/20                                        |     | 620   | 682,775   |
| 8.00%, 11/01/31                                       |     | 1,075 | 1,199,969 |
| 8.00%, 11/01/31                                       |     | 560   | 607,631   |
| Axcan Intermediate Holdings, Inc.,<br>12.75%, 3/01/16 |     | 340   | 362,525   |
| Boparan Holdings Ltd. (c):                            |     |       |           |
| 9.75%, 4/30/18                                        | EUR | 100   | 131,098   |
| 9.88%, 4/30/18                                        | GBP | 130   | 203,715   |
| DPL, Inc., 7.25%, 10/15/21 (c)                        | USD | 725   | 826,500   |
| FCE Bank Plc, 4.75%, 1/19/15                          | EUR | 838   | 1,144,367 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                |     | Par<br>(000) | Value      |
|----------------------------------------------------------------|-----|--------------|------------|
| <b>Corporate Bonds</b>                                         |     |              |            |
| <b>Diversified Financial Services (concluded)</b>              |     |              |            |
| General Motors Financial Co., Inc., 6.75%,<br>6/01/18 (c)      | USD | 270          | \$ 291,373 |
| Leucadia National Corp., 8.13%, 9/15/15                        |     | 790          | 878,875    |
| Reynolds Group Issuer, Inc.:                                   |     |              |            |
| 8.75%, 10/15/16 (c)                                            |     | 425          | 452,625    |
| 8.75%, 10/15/16 (c)(k)                                         | EUR | 290          | 410,515    |
| 8.75%, 10/15/16                                                |     | 503          | 712,031    |
| 7.13%, 4/15/19 (c)                                             | USD | 230          | 243,225    |
| 7.88%, 8/15/19 (c)                                             |     | 1,010        | 1,105,950  |
| 9.88%, 8/15/19 (c)                                             |     | 1,030        | 1,064,762  |
| WMG Acquisition Corp. (c):                                     |     |              |            |
| 9.50%, 6/15/16                                                 |     | 110          | 121,550    |
| 11.50%, 10/01/18                                               |     | 535          | 568,437    |
|                                                                |     |              | 12,462,460 |
| <b>Diversified Telecommunication Services 3.8%</b>             |     |              |            |
| Broadview Networks Holdings, Inc.,<br>11.38%, 9/01/12          |     | 1,000        | 897,500    |
| GCI, Inc., 6.75%, 6/01/21                                      |     | 264          | 267,300    |
| ITC Deltacom, Inc., 10.50%, 4/01/16                            |     | 260          | 271,050    |
| Level 3 Financing, Inc. (c):                                   |     |              |            |
| 8.13%, 7/01/19                                                 |     | 2,144        | 2,245,840  |
| 8.63%, 7/15/20                                                 |     | 980          | 1,046,150  |
| Qwest Communications International, Inc.:                      |     |              |            |
| 7.50%, 2/15/14                                                 |     | 1,200        | 1,204,200  |
| 8.00%, 10/01/15                                                |     | 610          | 654,797    |
| Series B, 7.50%, 2/15/14                                       |     | 1,575        | 1,580,513  |
| Qwest Corp., 7.63%, 6/15/15                                    |     | 500          | 568,794    |
| Videotron Ltee, 5.00%, 7/15/22 (c)(i)                          |     | 130          | 130,325    |
| Windstream Corp.:                                              |     |              |            |
| 8.13%, 8/01/13                                                 |     | 400          | 429,000    |
| 7.88%, 11/01/17                                                |     | 360          | 405,900    |
|                                                                |     |              | 9,701,369  |
| <b>Electric Utilities 0.8%</b>                                 |     |              |            |
| The Tokyo Electric Power Co., Inc., 4.50%, 3/24/14             | EUR | 1,600        | 1,992,054  |
| <b>Electronic Equipment, Instruments &amp; Components 0.2%</b> |     |              |            |
| Elster Finance BV, 6.25%, 4/15/18 (c)                          | USD | 105          | 141,850    |
| Jabil Circuit, Inc., 8.25%, 3/15/18                            |     | 215          | 255,850    |
| NXP BV/NXP Funding LLC, 9.75%, 8/01/18 (c)                     |     | 190          | 214,937    |
|                                                                |     |              | 612,637    |
| <b>Energy Equipment &amp; Services 3.2%</b>                    |     |              |            |
| Antero Resources Finance Corp., 7.25%,<br>8/01/19 (c)          |     | 150          | 158,250    |
| Atwood Oceanics, Inc., 6.50%, 2/01/20                          |     | 130          | 136,825    |
| Calfrac Holdings LP, 7.50%, 12/01/20 (c)                       |     | 360          | 360,000    |
| Compagnie Générale de Géophysique Veritas,<br>7.75%, 5/15/17   |     | 235          | 244,694    |
| Forbes Energy Services Ltd., 9.00%, 6/15/19                    |     | 335          | 329,975    |
| Frac Tech Services LLC, 7.63%, 11/15/18 (c)                    |     | 1,615        | 1,724,012  |
| Key Energy Services, Inc., 6.75%, 3/01/21                      |     | 415          | 434,713    |

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|                                                |       |           |
|------------------------------------------------|-------|-----------|
| MEG Energy Corp., 6.50%, 3/15/21 (c)           | 900   | 963,000   |
| Oil States International, Inc., 6.50%, 6/01/19 | 290   | 311,750   |
| Peabody Energy Corp., 6.25%, 11/15/21 (c)      | 2,410 | 2,524,475 |
| Transocean, Inc., 6.38%, 12/15/21              | 695   | 820,204   |
|                                                |       | 8,007,898 |
| <b>Food Products 0.2%</b>                      |       |           |
| Darling International, Inc., 8.50%, 12/15/18   | 220   | 247,500   |
| Post Holdings, Inc., 7.38%, 2/15/22 (c)        | 210   | 223,650   |
|                                                |       | 471,150   |

|                                                                          | Par<br>(000) | Value      |
|--------------------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                                   |              |            |
| <b>Health Care Equipment &amp; Supplies 2.2%</b>                         |              |            |
| Biomet, Inc.:                                                            |              |            |
| 10.00%, 10/15/17                                                         | USD 180      | \$ 195,525 |
| 10.38%, 10/15/17 (e)                                                     | 1,335        | 1,453,481  |
| DJO Finance LLC (FKA Johnson Diversey, Inc):                             |              |            |
| 10.88%, 11/15/14                                                         | 2,130        | 2,167,275  |
| 7.75%, 4/15/18                                                           | 95           | 81,700     |
| Fresenius Medical Care US Finance, Inc., 6.50%,<br>9/15/18 (c)           | 192          | 212,640    |
| Fresenius Medical Care US Finance II, Inc., 5.88%,<br>1/31/22 (c)        | 600          | 633,000    |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (c)                        | 500          | 577,500    |
| Teleflex, Inc., 6.88%, 6/01/19                                           | 270          | 290,925    |
|                                                                          |              | 5,612,046  |
| <b>Health Care Providers &amp; Services 5.4%</b>                         |              |            |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19                            | 380          | 388,550    |
| ConvaTec Healthcare E SA, 7.38%, 12/15/17 (c)                            | EUR 400      | 552,904    |
| Crown Newco 3 Plc, 7.00%, 2/15/18 (c)                                    | GBP 331      | 519,347    |
| HCA, Inc.:                                                               |              |            |
| 8.50%, 4/15/19                                                           | USD 120      | 134,400    |
| 6.50%, 2/15/20                                                           | 1,830        | 1,962,675  |
| 7.88%, 2/15/20                                                           | 85           | 93,713     |
| 7.25%, 9/15/20                                                           | 2,405        | 2,621,450  |
| 5.88%, 3/15/22                                                           | 250          | 256,250    |
| Health Management Associates, Inc., 7.38%,<br>1/15/20 (c)                | 860          | 896,550    |
| IASIS Healthcare LLC, 8.38%, 5/15/19 (c)                                 | 695          | 663,725    |
| INC Research LLC, 11.50%, 7/15/19 (c)                                    | 375          | 360,000    |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.),<br>10.00%, 8/15/18 (c) | 115          | 104,650    |
| Omnicare, Inc., 7.75%, 6/01/20                                           | 905          | 1,007,944  |
| PSS World Medical, Inc., 6.38%, 3/01/22 (c)                              | 265          | 275,600    |
| Symbion, Inc., 8.00%, 6/15/16 (c)                                        | 315          | 303,975    |
| Tenet Healthcare Corp.:                                                  |              |            |
| 10.00%, 5/01/18                                                          | 752          | 876,080    |
| 6.25%, 11/01/18 (c)                                                      | 300          | 319,875    |
| 8.88%, 7/01/19                                                           | 2,010        | 2,291,400  |
|                                                                          |              | 13,629,088 |
| <b>Health Care Technology 1.0%</b>                                       |              |            |
| IMS Health, Inc., 12.50%, 3/01/18 (c)                                    | 2,235        | 2,659,650  |
| <b>Hotels, Restaurants &amp; Leisure 2.7%</b>                            |              |            |
| Caesars Entertainment Operating Co., Inc.:                               |              |            |
| 11.25%, 6/01/17                                                          | 275          | 301,125    |
| 10.00%, 12/15/18                                                         | 1,345        | 1,039,012  |
| Caesars Operating Escrow, LLC., 8.50%,<br>2/15/20 (c)                    | 655          | 668,100    |
| Diamond Resorts Corp., 12.00%, 8/15/18                                   | 1,100        | 1,160,500  |
| El Dorado Resorts LLC, 8.63%, 6/15/19 (c)                                | 125          | 119,063    |
| Enterprise Inns Plc, 6.50%, 12/06/18                                     | GBP 296      | 381,434    |

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|                                                                   |     |       |           |
|-------------------------------------------------------------------|-----|-------|-----------|
| Little Traverse Bay Bands of Odawa Indians, 9.00%,<br>8/31/20 (c) | USD | 270   | 237,600   |
| MGM Resorts International:                                        |     |       |           |
| 13.00%, 11/15/13                                                  |     | 90    | 105,075   |
| 10.38%, 5/15/14                                                   |     | 235   | 267,313   |
| 4.25%, 4/15/15 (g)                                                |     | 495   | 530,887   |
| 11.13%, 11/15/17                                                  |     | 1,315 | 1,495,812 |
| Travelport LLC (FKA Travelport, Inc):                             |     |       |           |
| 5.11%, 9/01/14 (h)                                                |     | 165   | 84,563    |
| 9.88%, 9/01/14                                                    |     | 35    | 20,038    |
| 9.00%, 3/01/16                                                    |     | 110   | 58,300    |
| 6.58%, 12/01/16 (c)(e)                                            |     | 373   | 262,728   |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(j) |     | 315   |           |
|                                                                   |     |       | 6,731,550 |

See Notes to Consolidated Financial Statements.

ANNUAL REPORT

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## Consolidated Schedule of Investments (continued)

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

|                                                              |     | Par<br>(000) | Value        |
|--------------------------------------------------------------|-----|--------------|--------------|
| <b>Corporate Bonds</b>                                       |     |              |              |
| <b>Household Durables 1.6%</b>                               |     |              |              |
| Beazer Homes USA, Inc., 12.00%, 10/15/17                     | USD | 1,425        | \$ 1,553,250 |
| Jarden Corp., 7.50%, 1/15/20                                 | EUR | 285          | 383,502      |
| Ryland Group, Inc., 6.63%, 5/01/20                           | USD | 315          | 321,300      |
| Standard Pacific Corp.:                                      |     |              |              |
| 10.75%, 9/15/16                                              |     | 1,285        | 1,476,144    |
| 8.38%, 1/15/21                                               |     | 265          | 281,563      |
|                                                              |     |              | 4,015,759    |
| <b>Household Products 0.2%</b>                               |     |              |              |
| Ontex IV SA, 7.50%, 4/15/18 (c)                              | EUR | 130          | 159,343      |
| Spectrum Brands Holdings, Inc., 9.50%, 6/15/18               | USD | 330          | 376,200      |
|                                                              |     |              | 535,543      |
| <b>Independent Power Producers &amp; Energy Traders 3.0%</b> |     |              |              |
| AES Corp., 7.38%, 7/01/21                                    |     | 600          | 684,000      |
| Calpine Corp. (c):                                           |     |              |              |
| 7.25%, 10/15/17                                              |     | 165          | 174,900      |
| 7.50%, 2/15/21                                               |     | 95           | 103,075      |
| 7.88%, 1/15/23                                               |     | 260          | 283,400      |
| Energy Future Holdings Corp., 10.00%, 1/15/20                |     | 2,920        | 3,157,250    |
| Energy Future Intermediate Holding Co. LLC:                  |     |              |              |
| 10.00%, 12/01/20                                             |     | 881          | 956,986      |
| 11.75%, 3/01/22 (c)                                          |     | 1,310        | 1,342,750    |
| Laredo Petroleum, Inc., 9.50%, 2/15/19                       |     | 470          | 518,175      |
| QEP Resources, Inc., 5.38%, 10/01/22                         |     | 305          | 308,050      |
|                                                              |     |              | 7,528,586    |
| <b>Industrial Conglomerates 2.5%</b>                         |     |              |              |
| Sequa Corp. (c):                                             |     |              |              |
| 11.75%, 12/01/15                                             |     | 2,190        | 2,326,875    |
| 13.50%, 12/01/15                                             |     | 3,759        | 4,012,468    |
|                                                              |     |              | 6,339,343    |
| <b>Insurance 1.0%</b>                                        |     |              |              |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (c)                |     | 1,600        | 1,682,000    |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (c)                |     | 339          | 364,849      |
| Genworth Financial, Inc., 7.63%, 9/24/21                     |     | 390          | 404,634      |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (c)            |     | 235          | 209,738      |
|                                                              |     |              | 2,661,221    |
| <b>IT Services 1.7%</b>                                      |     |              |              |
| Eagle Parent Canada, Inc., 8.63%, 5/01/19 (c)                |     | 510          | 527,850      |
| First Data Corp.:                                            |     |              |              |
| 7.38%, 6/15/19 (c)                                           |     | 180          | 182,025      |
| 8.88%, 8/15/20 (c)                                           |     | 495          | 535,837      |
| 8.25%, 1/15/21 (c)                                           |     | 610          | 590,175      |
| 12.63%, 1/15/21                                              |     | 1,368        | 1,436,400    |
| SunGard Data Systems, Inc.:                                  |     |              |              |
| 7.38%, 11/15/18                                              |     | 400          | 430,000      |
| 7.63%, 11/15/20                                              |     | 550          | 594,000      |
|                                                              |     |              | 4,296,287    |
| <b>Machinery 0.8%</b>                                        |     |              |              |
| Navistar International Corp.:                                |     |              |              |
| 3.00%, 10/15/14 (g)                                          |     | 301          | 339,001      |

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|                                   |     |           |
|-----------------------------------|-----|-----------|
| 8.25%, 11/01/21                   | 126 | 137,813   |
| SPX Corp., 6.88%, 9/01/17         | 160 | 177,600   |
| UR Financing Escrow Corp. (c)(i): |     |           |
| 5.75%, 7/15/18                    | 236 | 242,490   |
| 7.38%, 5/15/20                    | 320 | 328,400   |
| 7.63%, 4/15/22                    | 820 | 848,700   |
|                                   |     | 2,074,004 |

| Corporate Bonds                                                             | Par<br>(000) | Value      |
|-----------------------------------------------------------------------------|--------------|------------|
| <b>Media 14.0%</b>                                                          |              |            |
| Affinion Group, Inc., 7.88%, 12/15/18                                       | USD 745      | \$ 666,775 |
| AMC Networks, Inc., 7.75%, 7/15/21 (c)                                      | 205          | 228,575    |
| CCH II LLC, 13.50%, 11/30/16                                                | 2,982        | 3,429,719  |
| CCO Holdings LLC:                                                           |              |            |
| 7.88%, 4/30/18                                                              | 100          | 109,250    |
| 7.38%, 6/01/20                                                              | 240          | 264,000    |
| 6.50%, 4/30/21                                                              | 411          | 436,687    |
| Checkout Holding Corp., 10.68%, 11/15/15 (c)(f)                             | 615          | 276,750    |
| Cinemark USA, Inc., 8.63%, 6/15/19                                          | 200          | 222,500    |
| Clear Channel Communications, Inc.,<br>9.00%, 3/01/21                       | 505          | 464,600    |
| Clear Channel Worldwide Holdings, Inc.:                                     |              |            |
| 9.25%, 12/15/17                                                             | 1,379        | 1,510,005  |
| 7.63%, 3/15/20 (c)(i)                                                       | 960          | 960,000    |
| Series B, 9.25%, 12/15/17                                                   | 5,280        | 5,808,000  |
| Cox Enterprises, Inc. (c):                                                  |              |            |
| Loan Close 2, 12.00%, 8/15/18                                               | 642          | 651,751    |
| Loan Close 3, 12.00%, 8/15/18                                               | 734          | 745,139    |
| Shares Loan, 12.00%, 8/15/18                                                | 757          | 768,500    |
| CSC Holdings LLC, 8.50%, 4/15/14                                            | 370          | 410,700    |
| DISH DBS Corp., 7.00%, 10/01/13                                             | 90           | 96,638     |
| Gray Television, Inc., 10.50%, 6/29/15                                      | 900          | 950,625    |
| Harland Clarke Holdings Corp.:                                              |              |            |
| 6.00%, 5/15/15 (c)                                                          | 330          | 225,225    |
| 9.50%, 5/15/15                                                              | 290          | 228,375    |
| Intelsat Luxembourg SA:                                                     |              |            |
| 11.25%, 6/15/16                                                             | 1,400        | 1,480,500  |
| 11.25%, 2/04/17                                                             | 330          | 340,313    |
| 11.50%, 2/04/17 (e)                                                         | 1,220        | 1,256,600  |
| Interactive Data Corp., 10.25%, 8/01/18                                     | 1,235        | 1,392,462  |
| The Interpublic Group of Cos., Inc., 10.00%,<br>7/15/17                     | 315          | 360,675    |
| Kabel BW Erste Beteiligungs GmbH, 7.50%,<br>3/15/19 (c)                     | EUR 613      | 873,869    |
| Kabel Deutschland Vertrieb und Service<br>GmbH & Co. KG, 6.50%, 6/29/18 (c) | 315          | 442,794    |
| Lamar Media Corp., 5.88%, 2/01/22 (c)                                       | USD 185      | 193,094    |
| Live Nation Entertainment, Inc., 8.13%,<br>5/15/18 (c)                      | 675          | 718,031    |
| Musketeer GmbH, 9.50%, 3/15/21 (c)                                          | EUR 385      | 553,970    |
| NAI Entertainment Holdings LLC, 8.25%,<br>12/15/17 (c)                      | USD 570      | 627,000    |
| Nielsen Finance LLC:                                                        |              |            |
| 11.63%, 2/01/14                                                             | 45           | 52,313     |
| 7.75%, 10/15/18                                                             | 2,085        | 2,319,562  |
| Odeon & UCI Finco Plc, 9.00%, 8/01/18 (c)                                   | GBP 189      | 296,922    |
| ProQuest LLC, 9.00%, 10/15/18 (c)                                           | USD 460      | 407,100    |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(c)(g)(j)                             | 812          | 406        |
| Unitymedia GmbH:                                                            |              |            |
| 9.63%, 12/01/19                                                             | EUR 158      | 227,344    |

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|                                                                |     |     |            |
|----------------------------------------------------------------|-----|-----|------------|
| 9.63%, 12/01/19 (c)                                            |     | 530 | 762,608    |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC<br>Germany GmbH) (c): |     |     |            |
| 8.13%, 12/01/17                                                | USD | 540 | 585,900    |
| 8.13%, 12/01/17                                                | EUR | 407 | 582,914    |
| UPC Holding BV, 9.88%, 4/15/18 (c)                             | USD | 400 | 444,000    |
| UPCB Finance II Ltd. (c):                                      |     |     |            |
| 6.38%, 7/01/20                                                 | EUR | 753 | 998,205    |
| 6.38%, 7/01/20                                                 |     | 300 | 397,691    |
| Virgin Media Secured Finance Plc, 7.00%,<br>1/15/18            | GBP | 279 | 479,370    |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (c)                          | EUR | 343 | 483,255    |
| Ziggo Finance BV, 6.13%, 11/15/17 (c)                          |     | 672 | 928,879    |
|                                                                |     |     | 35,659,591 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                           |     | Par<br>(000) |    | Value     |
|-----------------------------------------------------------|-----|--------------|----|-----------|
| <b>Corporate Bonds</b>                                    |     |              |    |           |
| <b>Metals &amp; Mining 3.1%</b>                           |     |              |    |           |
| Goldcorp, Inc., 2.00%, 8/01/14 (g)                        | USD | 970          | \$ | 1,229,475 |
| New World Resources NV, 7.88%, 5/01/18                    | EUR | 627          |    | 847,882   |
| Newmont Mining Corp., Series A, 1.25%,<br>7/15/14 (g)     | USD | 1,345        |    | 1,856,100 |
| Novelis, Inc., 8.75%, 12/15/20 (c)                        |     | 3,045        |    | 3,395,175 |
| Taseko Mines Ltd., 7.75%, 4/15/19                         |     | 385          |    | 369,600   |
| Vedanta Resources Plc, 8.25%, 6/07/21 (c)                 |     | 245          |    | 226,013   |
|                                                           |     |              |    | 7,924,245 |
| <b>Multiline Retail 1.7%</b>                              |     |              |    |           |
| Dollar General Corp., 11.88%, 7/15/17 (h)                 |     | 4,007        |    | 4,397,723 |
| <b>Oil, Gas &amp; Consumable Fuels 10.7%</b>              |     |              |    |           |
| Alpha Natural Resources, Inc., 6.25%, 6/01/21             |     | 365          |    | 354,050   |
| Aurora USA Oil & Gas, Inc., 9.88%, 2/15/17 (c)            |     | 405          |    | 417,150   |
| Berry Petroleum Co., 8.25%, 11/01/16                      |     | 470          |    | 489,975   |
| Bill Barrett Corp., 9.88%, 7/15/16                        |     | 20           |    | 22,100    |
| BreitBurn Energy Partners LP, 7.88%, 4/15/22 (c)          |     | 235          |    | 246,163   |
| Carrizo Oil & Gas, Inc., 8.63%, 10/15/18                  |     | 120          |    | 124,800   |
| Chesapeake Midstream Partners LP,<br>6.13%, 7/15/22       |     | 250          |    | 258,750   |
| Chesapeake Oilfield Operating LLC, 6.63%,<br>11/15/19 (c) |     | 50           |    | 51,000    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (c)             |     | 243          |    | 260,010   |
| Concho Resources, Inc., 7.00%, 1/15/21                    |     | 375          |    | 421,875   |
| Consol Energy, Inc., 8.25%, 4/01/20                       |     | 1,800        |    | 1,962,000 |
| Continental Resources, Inc., 7.13%, 4/01/21               |     | 340          |    | 377,400   |
| Copano Energy LLC, 7.13%, 4/01/21                         |     | 305          |    | 323,300   |
| Crosstex Energy LP, 8.88%, 2/15/18                        |     | 165          |    | 179,025   |
| Crown Oil Partners IV LP, 15.00%, 3/07/15                 |     | 535          |    | 534,697   |
| Denbury Resources, Inc.:                                  |     |              |    |           |
| 8.25%, 2/15/20                                            |     | 597          |    | 680,580   |
| 6.38%, 8/15/21                                            |     | 320          |    | 352,800   |
| Energy XXI Gulf Coast, Inc.:                              |     |              |    |           |
| 9.25%, 12/15/17                                           |     | 510          |    | 564,825   |
| 7.75%, 6/15/19                                            |     | 815          |    | 859,825   |
| EV Energy Partners LP, 8.00%, 4/15/19                     |     | 140          |    | 147,000   |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (c)                   |     | 690          |    | 752,100   |
| Holly Energy Partners LP, 6.50%, 3/01/20 (c)(i)           |     | 145          |    | 148,081   |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (c)               |     | 300          |    | 321,000   |
| Linn Energy LLC:                                          |     |              |    |           |
| 6.50%, 5/15/19 (c)                                        |     | 90           |    | 91,800    |
| 6.25%, 11/01/19 (c)                                       |     | 1,665        |    | 1,662,919 |
| 8.63%, 4/15/20                                            |     | 205          |    | 227,550   |
| 7.75%, 2/01/21                                            |     | 185          |    | 198,875   |
| MarkWest Energy Partners LP, 6.75%, 11/01/20              |     | 120          |    | 131,100   |
| Newfield Exploration Co., 6.88%, 2/01/20                  |     | 865          |    | 934,200   |
| Niska Gas Storage US LLC, 8.88%, 3/15/18                  |     | 525          |    | 504,000   |
| Oasis Petroleum, Inc.:                                    |     |              |    |           |
| 7.25%, 2/01/19                                            |     | 300          |    | 318,000   |
| 6.50%, 11/01/21                                           |     | 270          |    | 278,100   |
|                                                           |     | 4,410        |    | 4,597,425 |



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|                                                            |     |         |
|------------------------------------------------------------|-----|---------|
| OGX Petroleo e Gas Participações SA, 8.50%,<br>6/01/18 (c) |     |         |
| PBF Holding Co. LLC, 8.25%, 2/15/20 (c)                    | 315 | 315,000 |
| PetroBakken Energy Ltd., 8.63%, 2/01/20 (c)                | 800 | 850,000 |
| Petrohawk Energy Corp.:                                    |     |         |
| 10.50%, 8/01/14                                            | 350 | 388,937 |
| 7.88%, 6/01/15                                             | 450 | 475,312 |
| 7.25%, 8/15/18                                             | 290 | 331,688 |
| Petroleum Geo-Services ASA, 7.38%, 12/15/18 (c)            | 530 | 556,500 |
| Pioneer Natural Resources Co.:                             |     |         |
| 6.88%, 5/01/18                                             | 425 | 499,236 |
| 7.50%, 1/15/20                                             | 135 | 166,829 |

|                                                               | Par<br>(000) | Value      |
|---------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                        |              |            |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>            |              |            |
| Plains Exploration & Production Co.:                          |              |            |
| 6.63%, 5/01/21                                                | USD 735      | \$ 793,800 |
| 6.75%, 2/01/22                                                | 475          | 520,125    |
| Precision Drilling Corp., 6.50%, 12/15/21 (c)                 | 275          | 293,563    |
| Range Resources Corp.:                                        |              |            |
| 8.00%, 5/15/19                                                | 345          | 384,675    |
| 5.75%, 6/01/21                                                | 900          | 963,000    |
| 5.00%, 8/15/22 (i)                                            | 403          | 407,030    |
| Ruby Pipeline LLC, 6.00%, 4/01/22 (c)                         | 360          | 359,278    |
| Samson Investment Co., 9.75%, 2/15/20 (c)                     | 605          | 636,762    |
| SandRidge Energy, Inc., 7.50%, 3/15/21                        | 410          | 414,100    |
| SM Energy Co., 6.63%, 2/15/19                                 | 120          | 128,700    |
|                                                               |              | 27,277,010 |
| <b>Paper &amp; Forest Products 2.3%</b>                       |              |            |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (c)(e)             | 363          | 264,678    |
| Boise Paper Holdings LLC:                                     |              |            |
| 9.00%, 11/01/17                                               | 400          | 440,000    |
| 8.00%, 4/01/20                                                | 140          | 153,650    |
| Clearwater Paper Corp.:                                       |              |            |
| 10.63%, 6/15/16                                               | 370          | 420,413    |
| 7.13%, 11/01/18                                               | 535          | 569,775    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (c)                       | 1,525        | 1,689,436  |
| Longview Fibre Paper & Packaging, Inc., 8.00%,<br>6/01/16 (c) | 315          | 323,663    |
| NewPage Corp., 11.38%, 12/31/14 (a)(j)                        | 1,935        | 1,165,837  |
| Sappi Papier Holding GmbH, 6.63%, 4/15/21 (c)                 | 120          | 112,500    |
| Verso Paper Holdings LLC, 11.50%, 7/01/14                     | 707          | 721,140    |
|                                                               |              | 5,861,092  |
| <b>Pharmaceuticals 0.7%</b>                                   |              |            |
| Capsugel Finance Co. SCA:                                     |              |            |
| 9.88%, 8/01/19                                                | EUR 100      | 143,222    |
| 9.88%, 8/01/19 (c)                                            | 200          | 286,444    |
| Jaguar Holding Co. II, 9.50%, 12/01/19 (c)                    | USD 390      | 426,563    |
| Valeant Pharmaceuticals International, 6.50%,<br>7/15/16 (c)  | 780          | 795,600    |
|                                                               |              | 1,651,829  |
| <b>Professional Services 0.4%</b>                             |              |            |
| FTI Consulting, Inc., 6.75%, 10/01/20                         | 850          | 919,062    |
| <b>Real Estate Investment Trusts (REITs) 0.7%</b>             |              |            |
| Felcor Lodging LP, 6.75%, 6/01/19                             | 1,285        | 1,313,912  |
| The Rouse Co. LP, 6.75%, 11/09/15                             | 480          | 502,200    |
|                                                               |              | 1,816,112  |
| <b>Real Estate Management &amp; Development 2.4%</b>          |              |            |
| CBRE Services, Inc., 6.63%, 10/15/20                          | 310          | 329,375    |
| Forest City Enterprises, Inc., 7.63%, 6/01/15                 | 1,325        | 1,305,125  |

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|                                                  |         |           |
|--------------------------------------------------|---------|-----------|
| <b>Realogy Corp.:</b>                            |         |           |
| 11.50%, 4/15/17                                  | 360     | 329,400   |
| 12.00%, 4/15/17                                  | 90      | 82,800    |
| 7.88%, 2/15/19 (c)                               | 2,185   | 2,119,450 |
| 7.63%, 1/15/20 (c)                               | 465     | 480,112   |
| 9.00%, 1/15/20 (c)                               | 335     | 336,675   |
| Shea Homes LP, 8.63%, 5/15/19 (c)                | 1,145   | 1,156,450 |
|                                                  |         | 6,139,387 |
| <b>Road &amp; Rail 1.6%</b>                      |         |           |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19       | 115     | 119,888   |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 | 410     | 414,100   |
| <b>Hertz Holdings Netherlands BV:</b>            |         |           |
| 8.50%, 7/31/15                                   | EUR 172 | 247,488   |
| 8.50%, 7/31/15 (c)                               | 1,225   | 1,762,632 |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                 | Par<br>(000) | Value              |
|-------------------------------------------------|--------------|--------------------|
| <b>Corporate Bonds</b>                          |              |                    |
| <b>Road &amp; Rail (concluded)</b>              |              |                    |
| The Hertz Corp.:                                |              |                    |
| 7.50%, 10/15/18                                 | USD 595      | \$ 641,856         |
| 6.75%, 4/15/19 (c)                              | 100          | 104,750            |
| 6.75%, 4/15/19 (c)(i)                           | 265          | 277,588            |
| 7.38%, 1/15/21 (c)                              | 455          | 492,537            |
|                                                 |              | 4,060,839          |
| <b>Semiconductors &amp; Semiconductor</b>       |              |                    |
| <b>Equipment 0.2%</b>                           |              |                    |
| Spansion LLC, 7.88%, 11/15/17 (c)               | 540          | 530,550            |
| <b>Software 0.2%</b>                            |              |                    |
| Sophia LP, 9.75%, 1/15/19 (c)                   | 408          | 438,600            |
| <b>Specialty Retail 2.5%</b>                    |              |                    |
| Asbury Automotive Group, Inc., 8.38%, 11/15/20  | 335          | 359,288            |
| Hillman Group, Inc., 10.88%, 6/01/18            | 490          | 513,275            |
| House of Fraser Funding Plc, 8.88%, 8/15/18 (c) | GBP 480      | 683,451            |
| Limited Brands, Inc.:                           |              |                    |
| 8.50%, 6/15/19                                  | USD 745      | 890,275            |
| 5.63%, 2/15/22                                  | 150          | 154,500            |
| Phones4u Finance Plc, 9.50%, 4/01/18 (c)        | GBP 370      | 516,525            |
| QVC, Inc. (c):                                  |              |                    |
| 7.13%, 4/15/17                                  | USD 210      | 225,750            |
| 7.50%, 10/01/19                                 | 565          | 627,150            |
| 7.38%, 10/15/20                                 | 270          | 299,025            |
| Sally Holdings LLC, 6.88%, 11/15/19 (c)         | 500          | 537,500            |
| Sonic Automotive, Inc., 9.00%, 3/15/18          | 345          | 375,187            |
| Toys R US-Delaware, Inc., 7.38%, 9/01/16 (c)    | 135          | 138,713            |
| United Auto Group, Inc., 7.75%, 12/15/16        | 950          | 990,384            |
|                                                 |              | 6,311,023          |
| <b>Transportation Infrastructure 0.2%</b>       |              |                    |
| Aguila 3 SA, 7.88%, 1/31/18 (c)                 | 398          | 418,397            |
| <b>Wireless Telecommunication Services 5.2%</b> |              |                    |
| Cricket Communications, Inc., 7.75%, 5/15/16    | 226          | 240,690            |
| Digicel Group Ltd. (c):                         |              |                    |
| 8.88%, 1/15/15                                  | 635          | 646,112            |
| 9.13%, 1/15/15                                  | 1,711        | 1,744,845          |
| 8.25%, 9/01/17                                  | 1,135        | 1,203,100          |
| 10.50%, 4/15/18                                 | 500          | 545,000            |
| iPCS, Inc., 2.67%, 5/01/13 (h)                  | 920          | 885,500            |
| Matterhorn Mobile Holdings SA, 8.25%, 2/15/20   | EUR 300      | 411,681            |
| MetroPCS Wireless, Inc., 6.63%, 11/15/20        | USD 990      | 1,019,700          |
| NII Capital Corp., 7.63%, 4/01/21               | 614          | 627,815            |
| Sprint Capital Corp., 6.88%, 11/15/28           | 2,230        | 1,739,400          |
| Sprint Nextel Corp. (c):                        |              |                    |
| 9.00%, 11/15/18                                 | 1,950        | 2,174,250          |
| 7.00%, 3/01/20                                  | 1,850        | 1,880,062          |
|                                                 |              | 13,118,155         |
| <b>Total Corporate Bonds 102.0%</b>             |              | <b>259,202,536</b> |

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**Floating Rate Loan Interests (h)**

|                                                                |  |     |         |
|----------------------------------------------------------------|--|-----|---------|
| <b>Airlines 0.2%</b>                                           |  |     |         |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%, 4/20/17  |  | 522 | 509,292 |
| <b>Auto Components 0.2%</b>                                    |  |     |         |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                    |  | 450 | 451,314 |
| <b>Building Products 0.1%</b>                                  |  |     |         |
| Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/30/17 |  | 318 | 323,155 |

|                                         |     | Par<br>(000) |    | Value   |
|-----------------------------------------|-----|--------------|----|---------|
| <b>Floating Rate Loan Interests (h)</b> |     |              |    |         |
| <b>Capital Markets 0.4%</b>             |     |              |    |         |
| Nuveen Investments, Inc.:               |     |              |    |         |
| 7.25%, 5/13/17                          | USD | 600          | \$ | 604,200 |
| 8.25%, 2/28/19                          |     | 380          |    | 383,325 |
|                                         |     |              |    | 987,525 |

|                                                                                   |  |     |         |
|-----------------------------------------------------------------------------------|--|-----|---------|
| <b>Chemicals 0.1%</b>                                                             |  |     |         |
| PQ Corp., Term Loan B (First Lien), 3.50%, 7/30/14 (FKA Niagara Acquisition, Inc) |  | 313 | 305,139 |

|                                            |  |     |         |
|--------------------------------------------|--|-----|---------|
| <b>Communications Equipment 0.1%</b>       |  |     |         |
| Avaya, Inc., Term Loan B1, 3.24%, 10/24/14 |  | 180 | 176,125 |

|                                                        |  |       |           |
|--------------------------------------------------------|--|-------|-----------|
| <b>Construction &amp; Engineering 0.7%</b>             |  |       |           |
| Safeway Services LLC, Mezzanine Loan, 15.63%, 12/16/17 |  | 1,750 | 1,750,000 |

|                                                                            |  |       |           |
|----------------------------------------------------------------------------|--|-------|-----------|
| <b>Consumer Finance 1.4%</b>                                               |  |       |           |
| Springleaf Finance Corp. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17 |  | 3,940 | 3,591,743 |

|                                              |  |    |        |
|----------------------------------------------|--|----|--------|
| <b>Diversified Consumer Services 0.0%</b>    |  |    |        |
| ServiceMaster Co.:                           |  |    |        |
| Delayed Draw Term Loan, 2.75% 2.99%, 7/24/14 |  | 8  | 7,566  |
| Term Loan, 2.80%, 7/24/14                    |  | 77 | 75,974 |
|                                              |  |    | 83,540 |

|                                                                                |  |     |         |
|--------------------------------------------------------------------------------|--|-----|---------|
| <b>Diversified Telecommunication Services 0.2%</b>                             |  |     |         |
| Level 3 Financing, Inc., Incremental Tranche A Term Loan, 2.49% 2.83%, 3/13/14 |  | 475 | 467,162 |

|                                                                |  |     |         |
|----------------------------------------------------------------|--|-----|---------|
| <b>Electronic Equipment, Instruments &amp; Components 0.1%</b> |  |     |         |
| CDW LLC (FKA CDW Corp.):                                       |  |     |         |
| Non-Extended Term Loan, 3.74%, 10/10/14                        |  | 97  | 96,793  |
| Extended Term Loan, 4.00%, 7/14/17                             |  | 255 | 249,217 |
|                                                                |  |     | 346,010 |

|                                                   |  |       |           |
|---------------------------------------------------|--|-------|-----------|
| <b>Energy Equipment &amp; Services 1.0%</b>       |  |       |           |
| CCS Corp., Incremental Term Loan, 6.50%, 10/17/14 |  | 250   | 250,250   |
| Dynegy Holdings, Inc.:                            |  |       |           |
| Coal Co. Term Loan, 9.25%, 8/04/16                |  | 1,332 | 1,324,178 |
| Gas Co. Term Loan, 9.25%, 8/04/16                 |  | 968   | 998,054   |
|                                                   |  |       | 2,572,482 |

|                                                     |  |     |         |
|-----------------------------------------------------|--|-----|---------|
| <b>Food &amp; Staples Retailing 0.1%</b>            |  |     |         |
| U.S. Foodservice, Inc., Term Loan B, 2.74%, 7/03/14 |  | 155 | 149,575 |

|                                                                |  |     |         |
|----------------------------------------------------------------|--|-----|---------|
| <b>Food Products 0.1%</b>                                      |  |     |         |
| Advance Pierre Foods, Term Loan (Second Lien), 11.25%, 9/29/17 |  | 200 | 200,166 |

|                                                  |  |     |         |
|--------------------------------------------------|--|-----|---------|
| <b>Health Care Providers &amp; Services 0.6%</b> |  |     |         |
| Harden Healthcare LLC:                           |  |     |         |
| Term Loan A, 8.50%, 3/02/15                      |  | 361 | 353,458 |
|                                                  |  | 412 | 403,490 |

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|                                                              |     |           |
|--------------------------------------------------------------|-----|-----------|
| Tranche A Additional Term Loan,<br>7.75%, 3/02/15            |     |           |
| inVentiv Health, Inc., Combined Term Loan,<br>6.50%, 8/04/16 | 795 | 764,413   |
|                                                              |     | 1,521,361 |
| <b>Hotels, Restaurants &amp; Leisure 1.3%</b>                |     |           |
| Caesars Entertainment Operating Co., Inc.:                   |     |           |
| Incremental Term Loan B4, 9.50%, 10/31/16                    | 450 | 462,888   |
| Term Loan B1, 3.24%, 1/28/15                                 | 740 | 693,809   |
| Term Loan B2, 3.24%, 1/28/15                                 | 284 | 266,259   |
| Term Loan B3, 3.24% 3.47%, 1/28/15                           | 900 | 842,846   |
| OSI Restaurant Partners LLC:                                 |     |           |
| Revolver, 2.56% 2.79%, 6/14/13                               | 9   | 8,319     |
| Term Loan B, 2.56%, 6/14/14                                  | 86  | 84,383    |
| Station Casinos, Inc., Term Loan B1, 3.24%,<br>6/17/16       | 950 | 856,586   |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                                                              | Par<br>(000) | Value      |
|--------------------------------------------------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (h)</b>                                                                      |              |            |
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>                                                         |              |            |
| Travelport LLC (FKA Travelport, Inc.):                                                                       |              |            |
| Extended Tranche A Term Loan,<br>6.54%, 9/28/12                                                              | USD 172      | \$ 81,479  |
| Extended Tranche B Term Loan,<br>14.04%, 12/01/16                                                            | 533          | 119,916    |
|                                                                                                              |              | 3,416,485  |
| <b>Independent Power Producers &amp;<br/>Energy Traders 0.1%</b>                                             |              |            |
| Texas Competitive Electric Holdings Co. LLC (TXU),<br>Extended Term Loan, 4.74%, 10/10/17                    | 686          | 382,898    |
| <b>Industrial Conglomerates 0.2%</b>                                                                         |              |            |
| Sequa Corp., Incremental Term Loan,<br>6.25%, 12/03/14                                                       | 405          | 406,349    |
| <b>IT Services 0.3%</b>                                                                                      |              |            |
| First Data Corp., Extended Term Loan B,<br>4.24%, 3/23/18                                                    | 720          | 646,085    |
| <b>Leisure Equipment &amp; Products 0.2%</b>                                                                 |              |            |
| Eastman Kodak Co., Term Loan B, 8.50%, 7/20/13                                                               | 540          | 546,583    |
| <b>Media 4.9%</b>                                                                                            |              |            |
| Cengage Learning Acquisitions, Inc.:                                                                         |              |            |
| Term Loan, 2.49%, 7/03/14                                                                                    | 295          | 273,760    |
| Tranche 1 Incremental Term Loan,<br>7.50%, 7/03/14                                                           | 1,447        | 1,400,456  |
| Cequel Communications LLC, Term Loan B,<br>4.00%, 2/11/19                                                    | 550          | 544,374    |
| Clear Channel Communications:                                                                                |              |            |
| Term Loan B, 3.89%, 1/28/16                                                                                  | 1,970        | 1,616,766  |
| Term Loan C, 3.89%, 1/28/16                                                                                  | 354          | 280,450    |
| HMH Publishing Co. Ltd., Term Loan, 6.49%, 6/12/14                                                           | 855          | 528,252    |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson<br>Holdings Ltd.), Tranche B Term Loan,<br>5.25%, 4/02/18 | 5,955        | 5,944,876  |
| Interactive Data Corp., New Term Loan B,<br>4.50%, 2/12/18                                                   | 45           | 44,899     |
| Newsday LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13                                                        | 1,375        | 1,414,531  |
| Univision Communications, Inc., Extended First<br>Lien Term Loan, 4.49%, 3/31/17                             | 310          | 287,882    |
|                                                                                                              |              | 12,336,246 |
| <b>Multiline Retail 0.4%</b>                                                                                 |              |            |
| HEMA Holding BV, Mezzanine, 9.03%, 7/05/17                                                                   | EUR 1,125    | 1,147,114  |
| <b>Oil, Gas &amp; Consumable Fuels 0.6%</b>                                                                  |              |            |
| Obsidian Natural Gas Trust, Term Loan,<br>7.00%, 11/02/15                                                    | USD 1,525    | 1,532,265  |
| <b>Paper &amp; Forest Products 0.3%</b>                                                                      |              |            |
| Verso Paper Finance Holdings LLC, Term Loan with<br>PIK option, 6.79% 7.54%, 2/01/13                         | 1,372        | 686,018    |
| <b>Pharmaceuticals 0.1%</b>                                                                                  |              |            |
| Pharmaceutical Products Development, Inc., Term<br>Loan B, 6.25%, 12/05/18                                   | 360          | 363,150    |

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|                                                              |       |           |
|--------------------------------------------------------------|-------|-----------|
| <b>Real Estate Investment Trusts (REITs) 0.6%</b>            |       |           |
| iStar Financial, Inc., Term Loan A1, 5.00%, 6/28/13          | 1,525 | 1,518,469 |
| <b>Real Estate Management &amp; Development 0.3%</b>         |       |           |
| Realogy Corp.:                                               |       |           |
| Extended Synthetic Letter of Credit Loan,<br>4.53%, 10/10/16 | 104   | 96,574    |
| Extended Term Loan, 4.77%, 10/10/16                          | 689   | 639,091   |
|                                                              |       | 735,665   |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.0%</b> |       |           |
| NXP B.V., Term Loan A-2, 5.50%, 3/03/17                      | 65    | 64,512    |

|                                                                  | Par<br>(000) | Value      |
|------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (h)</b>                          |              |            |
| <b>Software 0.2%</b>                                             |              |            |
| Infor Enterprise Solutions Holdings, Inc.:                       |              |            |
| Extended Delayed Draw Term Loan, 7/28/15                         | USD 26       | \$ 25,430  |
| Extended Initial Term Loan, 7/28/15                              | 49           | 47,883     |
| Extended Initial Term Loan, 7/28/15                              | EUR 395      | 495,998    |
|                                                                  |              | 569,311    |
| <b>Specialty Retail 0.2%</b>                                     |              |            |
| Claire's Stores, Inc., Term Loan B, 2.99% - 3.30%,<br>5/29/14    | USD 482      | 456,568    |
| <b>Wireless Telecommunication Services 0.1%</b>                  |              |            |
| Crown Castle International Corp., Term Loan B,<br>4.00%, 1/25/19 | 190          | 189,135    |
| <b>Total Floating Rate Loan Interests 15.1%</b>                  |              | 38,431,442 |

|                                                          | Beneficial<br>Interest<br>(000) |     |
|----------------------------------------------------------|---------------------------------|-----|
| <b>Other Interests (l)</b>                               |                                 |     |
| <b>Chemicals 0.0%</b>                                    |                                 |     |
| Wellman Holdings, Inc., Litigation Trust Certificate (a) | 2,650                           | 27  |
| <b>Media 0.0%</b>                                        |                                 |     |
| Adelphia Escrow (a)                                      | 700                             | 7   |
| Adelphia Recovery Trust (a)                              | 878                             | 88  |
|                                                          |                                 | 95  |
| <b>Total Other Interests 0.0%</b>                        |                                 | 122 |

|                                               | Par<br>(000) |         |
|-----------------------------------------------|--------------|---------|
| <b>Preferred Securities</b>                   |              |         |
| <b>Capital Trusts 0.2%</b>                    |              |         |
| <b>Insurance 0.2%</b>                         |              |         |
| Genworth Financial, Inc., 6.15%, 11/15/66 (h) | 790          | 542,137 |

|                                            | Shares |           |
|--------------------------------------------|--------|-----------|
| <b>Preferred Stocks</b>                    |        |           |
| <b>Auto Components 0.4%</b>                |        |           |
| Dana Holding Corp., 4.00% (a)(c)           | 7,570  | 1,019,111 |
| <b>Diversified Financial Services 1.1%</b> |        |           |
| Ally Financial, Inc., 7.00% (c)(h)         | 3,083  | 2,675,081 |
| <b>Total Preferred Stocks 1.5%</b>         |        | 3,694,192 |

Trust Preferred

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|                                                    |             | <b>Par<br/>(000)</b> |                  |
|----------------------------------------------------|-------------|----------------------|------------------|
| <b>Diversified Financial Services</b>              | <b>0.8%</b> |                      |                  |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (c) |             | USD 67,560           | 1,581,082        |
| RBS Capital Funding Trust VII, 6.08%, 12/31/49     |             | 41,000               | 560,470          |
|                                                    |             |                      | 2,141,552        |
| <b>Total Preferred Securities</b>                  | <b>2.5%</b> |                      | <b>6,377,881</b> |

**Warrants (m)**

**Health Care Providers & Services 0.0%**

|                                     |        |
|-------------------------------------|--------|
| HealthSouth Corp. (Expires 1/16/14) | 29,930 |
|-------------------------------------|--------|

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                            | Par<br>(000) | Value       |
|------------------------------------------------------------|--------------|-------------|
| <b>Warrants (m)</b>                                        |              |             |
| <b>Media 0.1%</b>                                          |              |             |
| Cumulus Media, Inc. (Expires 3/26/19)                      | USD 39,975   | \$ 288,732  |
| New Vision Holdings LLC, (Expires 9/30/14)                 | 14,965       |             |
|                                                            |              | 288,732     |
| <b>Software 0.0%</b>                                       |              |             |
| Bankruptcy Management Solutions, Inc.<br>(Expires 9/29/17) | 312          |             |
| HMH Holdings/EduMedia (Expires 3/09/17)                    | 10           |             |
| <b>Total Warrants 0.1%</b>                                 |              | 288,732     |
| <b>Total Long-Term Investments</b>                         |              |             |
| <b>(Cost \$318,754,854) 128.0%</b>                         |              | 325,523,632 |

**Short-Term Securities**

|                                                                           |           |           |
|---------------------------------------------------------------------------|-----------|-----------|
| BlackRock Liquidity Funds, TempCash,<br>Institutional Class, 0.16% (n)(o) | 2,264,805 | 2,264,805 |
| <b>Total Short-Term Securities</b>                                        |           |           |
| <b>(Cost \$2,264,805) 0.9%</b>                                            |           | 2,264,805 |

**Options Purchased**

|                                                                                                                | Contracts |             |
|----------------------------------------------------------------------------------------------------------------|-----------|-------------|
| <b>Exchange-Traded Put Options 0.1%</b>                                                                        |           |             |
| SPDR S&P 500 ETF Trust:                                                                                        |           |             |
| Strike Price USD 134.00, Expires 3/17/12                                                                       | 1,075     | 101,050     |
| Strike Price USD 136.00, Expires 3/17/12                                                                       | 180       | 28,440      |
| Strike Price USD 136.00, Expires 4/21/12                                                                       | 180       | 57,420      |
|                                                                                                                |           | 186,910     |
| <b>Over-the-Counter Call Options 0.0%</b>                                                                      |           |             |
| Marsico Parent Superholdco LLC, Strike Price<br>USD 942.86, Expires 12/14/19,<br>Broker Goldman Sachs Bank USA | 17        |             |
| <b>Total Options Purchased</b>                                                                                 |           |             |
| <b>(Cost \$426,553) 0.1%</b>                                                                                   |           | 186,910     |
| <b>Total Investments Before Options Written</b>                                                                |           |             |
| <b>(Cost \$321,446,212) 129.0%</b>                                                                             |           | 327,975,347 |

**Options Written**

|                                                                     |       |                |
|---------------------------------------------------------------------|-------|----------------|
| <b>Exchange-Traded Put Options (0.0%)</b>                           |       |                |
| SPDR S&P 500 ETF Trust, Strike Price USD 125.00,<br>Expires 3/17/12 | 1,075 | (15,587)       |
| <b>Total Options Written</b>                                        |       |                |
| <b>(Premiums Received \$76,897) (0.0%)</b>                          |       | (15,587)       |
| <b>Total Investments, Net of Options Written 129.0%</b>             |       | 327,959,760    |
| <b>Liabilities in Excess of Other Assets (29.0%)</b>                |       | (73,783,998)   |
| <b>Net Assets 100.0%</b>                                            |       | \$ 254,175,762 |

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- (a) Non-income producing security.
- (b) Restricted security as to resale. As of report date the Fund held 2.7% of its net assets, with a current value of \$6,894,626 and an original cost of \$2,338,924 in this security.
- (c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) 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.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Convertible security.
- (h) Variable rate security. Rate shown is as of report date.
- (i) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                   | Value        | Unrealized<br>Appreciation |
|--------------------------------|--------------|----------------------------|
| Goldman Sachs & Co.            | \$ 960,000   |                            |
| Citigroup Global Markets, Inc. | \$ 148,081   | \$ 3,081                   |
| Bank of America                | \$ 537,355   | \$ 4,355                   |
| Barclays Capital Inc.          | \$ 277,588   | \$ 1,988                   |
| Morgan Stanley Co.             | \$ 1,419,590 | \$ 43,590                  |

- (j) Issuer filed for bankruptcy and/or is in default of interest payments.
- (k) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (l) Other interests represent beneficial interest in liquidation trusts and other reorganization or private entities.
- (m) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (n) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                                                      | Shares Held<br>at<br>February 28,<br>2011 | Net<br>Activity | Shares Held<br>at<br>February 28,<br>2012 | Income   |
|----------------------------------------------------------------|-------------------------------------------|-----------------|-------------------------------------------|----------|
| BlackRock Liquidity<br>Funds, TempCash,<br>Institutional Class | 1,721,866                                 | 542,939         | 2,264,805                                 | \$ 1,625 |

- (o) Represents the current yield as of report date

Financial futures contracts sold as of February 29, 2012 were as follows:

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| Contracts | Issue                | Exchange           | Expiration | Notional Value | Unrealized Depreciation |
|-----------|----------------------|--------------------|------------|----------------|-------------------------|
| 117       | S&P 500 Index E-Mini | Chicago Mercantile | March 2012 | \$ 7,981,740   | \$ (257,937)            |

Foreign currency exchange contracts as of February 29, 2012 were as follows:

| Currency Purchased | Currency Sold  | Counterparty               | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|----------------|----------------------------|-----------------|----------------------------------------|
| USD 901,215        | CAD 925,000    | Citibank NA                | 4/11/12         | \$ (32,815)                            |
| USD 476,773        | GBP 300,000    | Citibank NA                | 4/11/12         | (362)                                  |
| EUR 94,000         | USD 121,713    | Citibank NA                | 4/18/12         | 3,548                                  |
| USD 18,023,462     | EUR 14,031,500 | Citibank NA                | 4/18/12         | (674,365)                              |
| USD 260,236        | EUR 198,000    | Citibank NA                | 4/18/12         | (3,611)                                |
| USD 504,030        | EUR 380,000    | Citibank NA                | 4/18/12         | (2,343)                                |
| USD 129,685        | EUR 98,000     | Citibank NA                | 4/18/12         | (906)                                  |
| EUR 300,000        | USD 403,899    | Deutsche Bank AG           | 4/18/12         | (4,131)                                |
| USD 72,462         | EUR 56,000     | Deutsche Bank AG           | 4/18/12         | (2,161)                                |
| USD 129,945        | EUR 98,000     | Deutsche Bank AG           | 4/18/12         | (646)                                  |
| USD 166,318        | GBP 106,000    | Royal Bank of Scotland Plc | 4/11/12         | (2,270)                                |
| USD 1,674,448      | CAD 1,710,000  | Royal Bank of Scotland Plc | 4/11/12         | (52,246)                               |
| GBP 150,000        | USD 235,239    | Royal Bank of Scotland Plc | 4/11/12         | 3,328                                  |
| USD 736,004        | EUR 565,000    | Royal Bank of Scotland Plc | 4/18/12         | (16,893)                               |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

Foreign currency exchange contracts as of February 29, 2012 were as follows (concluded):

| Currency Purchased |           | Currency Sold |           | Counterparty               | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|-----------|---------------|-----------|----------------------------|-----------------|----------------------------------------|
| USD                | 104,559   | EUR           | 80,000    | Royal Bank of Scotland Plc | 4/18/12         | \$ (2,045)                             |
| USD                | 436,394   | EUR           | 329,000   | Royal Bank of Scotland Plc | 4/18/12         | (2,018)                                |
| USD                | 3,029,818 | GBP           | 1,976,500 | UBS AG                     | 4/11/12         | (113,702)                              |
| USD                | 321,008   | EUR           | 243,000   | UBS AG                     | 4/18/12         | (2,805)                                |
| <b>Total</b>       |           |               |           |                            |                 | \$ (906,443)                           |

Credit default swaps on single-name issues buy protection outstanding as of February 29, 2012 were as follows:

| Issuer                    | Pay Fixed Rate | Counterparty                | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|---------------------------|----------------|-----------------------------|-----------------|-----------------------|----------------------------------------|
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 95                 | \$ (5,287)                             |
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 155                | (8,097)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 85                 | (2,410)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 80                 | (2,861)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 80                 | (5,209)                                |
| Republic of Hungary       | 1.00%          | Deutsche Bank AG            | 12/20/15        | \$ 280                | 14,909                                 |
| Realogy Corp.             | 5.00%          | Goldman Sachs International | 9/20/16         | \$ 125                | (14,443)                               |
| iStar Financial, Inc.     | 5.00%          | Deutsche Bank AG            | 12/20/16        | \$ 250                | (25,647)                               |
| Israel (State of)         | 1.00%          | Deutsche Bank AG            | 3/20/17         | \$ 210                | (2,183)                                |
| Israel Government Bond    | 1.00%          | Deutsche Bank AG            | 3/20/17         | \$ 625                | (6,931)                                |
| <b>Total</b>              |                |                             |                 |                       | \$ (58,159)                            |

Credit default swaps on single-name issues sold protection outstanding as of February 29, 2012 were as follows:

| Issuer                | Receive Fixed Rate | Counterparty                | Expiration Date | Issuer Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|-----------------------|--------------------|-----------------------------|-----------------|-----------------------------------|------------------------------------|----------------------------------------|
| Air Lease Corporation | 5.00%              | Goldman Sachs International | 2/14/13         | NR                                | \$ 500                             | \$ 690                                 |
| CIT Group, Inc.       | 5.00%              | Deutsche Bank AG            | 9/20/15         | BB                                | \$ 3,100                           | 207,030                                |
| Aramark Corp.         | 5.00%              | Goldman Sachs International | 3/20/16         | B                                 | \$ 500                             | 26,496                                 |

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|               |       |                                    |         |   |    |     |        |
|---------------|-------|------------------------------------|---------|---|----|-----|--------|
| Aramark Corp. | 5.00% | Goldman Sachs International        | 6/20/16 | B | \$ | 300 | 14,273 |
| Aramark Corp. | 5.00% | Goldman Sachs International        | 6/20/16 | B | \$ | 300 | 16,159 |
| Aramark Corp. | 5.00% | Credit Suisse Securities (USA LLC) | 9/20/16 | B | \$ | 125 | 10,126 |
| Aramark Corp. | 5.00% | Goldman Sachs International        | 9/20/16 | B | \$ | 350 | 15,806 |
| Aramark Corp. | 5.00% | Goldman Sachs International        | 9/20/16 | B | \$ | 125 | 9,663  |

Credit default swaps on single-name issues sold protection outstanding as of February 29, 2012 were as follows (concluded):

| Issuer                           | Receive Fixed Rate | Counterparty                       | Expiration Date | Issuer Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|----------------------------------|--------------------|------------------------------------|-----------------|-----------------------------------|------------------------------------|----------------------------------------|
| Bausch & Lomb Incorporated       | 5.00%              | Credit Suisse Securities (USA LLC) | 3/20/17         | B                                 | \$ 100                             | \$ 5,007                               |
| Aramark Corp.                    | 5.00%              | Deutsche Bank AG                   | 3/20/17         | B                                 | \$ 185                             | 3,984                                  |
| Crown Castle International Corp. | 7.25%              | Deutsche Bank AG                   | 3/20/17         | B                                 | \$ 430                             | 9,327                                  |
| Ford Motor Company               | 5.00%              | Deutsche Bank AG                   | 3/20/17         | BB+                               | \$ 1,300                           | 78,265                                 |
| CCO Holding LLC                  | 8.00%              | Deutsche Bank AG                   | 9/20/17         | BB                                | \$ 1,500                           | (84)                                   |
| <b>Total</b>                     |                    |                                    |                 |                                   |                                    | \$ 396,742                             |

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

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

Credit default swaps on traded indexes sold protection outstanding as of February 29, 2012 were as follows:

| Index                                                  | Receive Fixed Rate | Counterparty   | Expiration Date | Credit Rating <sup>3</sup> | Notional Amount (000) <sup>4</sup> | Unrealized Appreciation |
|--------------------------------------------------------|--------------------|----------------|-----------------|----------------------------|------------------------------------|-------------------------|
| Dow Jones CDX North America High Yield Index Series 17 | 5.00%              | Morgan Stanley | 12/20/16        | B+                         | \$ 582                             | \$ 26,506               |

<sup>3</sup> Using S&P's rating of the underlying securities.

<sup>4</sup> The maximum potential amount the Fund may pay should a negative event take place as defined under the terms of agreement.

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

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

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund, Inc. (COY)

The following tables summarize the inputs used as of February 29, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs             | Level 1              | Level 2               | Level 3              | Total                 |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>               |                      |                       |                      |                       |
| Investments:                 |                      |                       |                      |                       |
| Long-Term Investments:       |                      |                       |                      |                       |
| Common Stocks                | \$ 9,783,549         | \$ 7,300,861          | \$ 4,138,509         | \$ 21,222,919         |
| Corporate Bonds              |                      | 255,021,496           | 4,181,040            | 259,202,536           |
| Floating Rate Loan Interests |                      | 32,976,564            | 5,454,878            | 38,431,442            |
| Other Interests              | 88                   |                       | 34                   | 122                   |
| Preferred Securities         | 2,141,552            | 4,236,329             |                      | 6,377,881             |
| Warrants                     |                      | 288,732               |                      | 288,732               |
| Short-Term Investments       | 2,264,805            |                       |                      | 2,264,805             |
| <b>Total</b>                 | <b>\$ 14,189,994</b> | <b>\$ 299,823,982</b> | <b>\$ 13,774,461</b> | <b>\$ 327,788,437</b> |

| Valuation Inputs                              | Level 1            | Level 2             | Level 3           | Total               |
|-----------------------------------------------|--------------------|---------------------|-------------------|---------------------|
| Derivative Financial Instruments <sup>1</sup> |                    |                     |                   |                     |
| <b>Assets:</b>                                |                    |                     |                   |                     |
| Credit contracts                              |                    | \$ 221,195          | \$ 217,046        | \$ 438,241          |
| Equity contracts                              | \$ 186,910         |                     |                   | 186,910             |
| Foreign currency exchange contracts           |                    | 6,876               |                   | 6,876               |
| <b>Liabilities:</b>                           |                    |                     |                   |                     |
| Credit contracts                              |                    | (73,068)            | (84)              | (73,152)            |
| Equity contracts                              | (273,524)          |                     |                   | (273,524)           |
| Foreign currency exchange contracts           |                    | (913,319)           |                   | (913,319)           |
| <b>Total</b>                                  | <b>\$ (86,614)</b> | <b>\$ (758,316)</b> | <b>\$ 216,962</b> | <b>\$ (627,968)</b> |

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

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

|                                  | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Warrants | Unfunded Loan Commitments (Liabilities) | Total         |
|----------------------------------|---------------|-----------------|------------------------------|-----------------|----------|-----------------------------------------|---------------|
| <b>Assets/Liabilities:</b>       |               |                 |                              |                 |          |                                         |               |
| Balance, as of February 28, 2011 | \$ 412,146    | \$ 5,083,048    | \$ 6,878,236                 | \$ 7            | \$ 154   | (11,592)                                | \$ 12,361,999 |

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|                                                                 |              |              |              |       |       |               |
|-----------------------------------------------------------------|--------------|--------------|--------------|-------|-------|---------------|
| Accrued discounts/premiums                                      |              | 6,787        | 92,447       |       |       | 99,234        |
| Net realized gain (loss)                                        | 5,012        | (2,034,509)  | 39,924       |       |       | (1,989,573)   |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | (2,557,439)  | 2,637,797    | 288,385      | 27    | (154) | 11,592        |
| Purchases                                                       | 6,283,492    | 624,199      | 336,483      |       |       | 7,244,174     |
| Sales                                                           | (6,339)      | (2,136,282)  | (3,005,956)  |       |       | (5,148,577)   |
| Transfers in <sup>3</sup>                                       | 1,637        |              | 825,359      |       |       | 826,996       |
| Transfers out <sup>3</sup>                                      |              |              |              |       |       |               |
| <b>Balance, as of February 29, 2012</b>                         | \$ 4,138,509 | \$ 4,181,040 | \$ 5,454,878 | \$ 34 |       | \$ 13,774,461 |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on securities still held on February 29, 2012 was \$(3,458,179).

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

|                                                                 | Credit<br>Contracts |
|-----------------------------------------------------------------|---------------------|
| <b>Assets/Liabilities:</b>                                      |                     |
| Balance, as of February 28, 2011                                |                     |
| Accrued discounts/premiums                                      | \$ (28,779)         |
| Net realized gain (loss)                                        |                     |
| Net change in unrealized appreciation/depreciation <sup>4</sup> | 216,962             |
| Issuances <sup>5</sup>                                          | 268,154             |
| Purchases                                                       |                     |
| Sales                                                           |                     |
| Settlements <sup>6</sup>                                        | (239,375)           |
| Transfers in <sup>3</sup>                                       |                     |
| Transfers out <sup>3</sup>                                      |                     |
| <b>Balance, as of February 29, 2012</b>                         | <b>\$ 216,962</b>   |

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

<sup>4</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/ depreciation on derivative financial instruments still held at February 29, 2012 was \$216,962.

<sup>5</sup> Issuances represent upfront cash received on certain derivative financial instruments.

<sup>6</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Consolidated Financial Statements.



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Consolidated Schedule of Investments February 29, 2012

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

| Common Stocks                                                                        | Shares      | Value      |
|--------------------------------------------------------------------------------------|-------------|------------|
| <b>Auto Components 2.9%</b>                                                          |             |            |
| Delphi Automotive Plc (a)                                                            | 13,654      | \$ 436,941 |
| Delphi Automotive Plc (180-day lock)<br>(acquired 11/17/11, cost \$2,417,941) (a)(b) | 242,654     | 7,570,792  |
|                                                                                      |             | 8,007,733  |
| <b>Capital Markets 0.3%</b>                                                          |             |            |
| E*Trade Financial Corp. (a)                                                          | 74,600      | 718,398    |
| <b>Commercial Banks 0.3%</b>                                                         |             |            |
| CIT Group, Inc. (a)                                                                  | 16,900      | 687,999    |
| <b>Communications Equipment 0.3%</b>                                                 |             |            |
| Loral Space & Communications Ltd. (a)                                                | 12,778      | 910,305    |
| <b>Diversified Financial Services 0.6%</b>                                           |             |            |
| Kcad Holdings I Ltd.                                                                 | 186,717,877 | 1,709,402  |
| <b>Diversified Telecommunication Services 0.1%</b>                                   |             |            |
| Level 3 Communications, Inc. (a)                                                     | 15,380      | 373,888    |
| <b>Electrical Equipment 0.0%</b>                                                     |             |            |
| Medis Technologies Ltd. (a)                                                          | 70,784      | 354        |
| <b>Energy Equipment &amp; Services 1.0%</b>                                          |             |            |
| Laricina Energy Ltd. (a)                                                             | 35,294      | 1,515,988  |
| Osum Oil Sands Corp. (a)                                                             | 82,000      | 1,035,929  |
| Transocean Ltd.                                                                      | 5,400       | 288,036    |
|                                                                                      |             | 2,839,953  |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>                                        |             |            |
| Buffets Restaurants Holdings, Inc.                                                   | 1,099       | 110        |
| Travelport Worldwide Ltd.                                                            | 76,940      | 38,470     |
|                                                                                      |             | 38,580     |
| <b>Media 1.6%</b>                                                                    |             |            |
| Belo Corp., Class A                                                                  | 47,382      | 339,729    |
| Charter Communications, Inc. (a)                                                     | 63,805      | 4,045,875  |
| Clear Channel Outdoor Holdings, Inc., Class A (a)                                    | 9,964       | 131,824    |
|                                                                                      |             | 4,517,428  |
| <b>Metals &amp; Mining 0.2%</b>                                                      |             |            |
| African Minerals Ltd. (a)                                                            | 47,050      | 430,135    |
| <b>Paper &amp; Forest Products 0.2%</b>                                              |             |            |
| Ainsworth Lumber Co. Ltd.                                                            | 122,117     | 192,534    |
| Ainsworth Lumber Co. Ltd. (c)                                                        | 140,415     | 221,383    |
| Western Forest Products, Inc. (a)                                                    | 158,023     | 153,319    |
| Western Forest Products, Inc. (a)(c)                                                 | 45,762      | 44,400     |
|                                                                                      |             | 611,636    |
| <b>Professional Services 0.0%</b>                                                    |             |            |
| Pendrell Corp. (a)                                                                   | 3,500       | 8,470      |
| <b>Road &amp; Rail 0.2%</b>                                                          |             |            |
| Dollar Thrifty Automotive Group, Inc. (a)                                            | 5,900       | 447,869    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.3%</b>                             |             |            |
| Spansion, Inc., Class A (a)                                                          | 64,237      | 822,233    |
| SunPower Corp. (a)                                                                   | 271         | 2,041      |
|                                                                                      |             | 824,274    |
| <b>Software 0.0%</b>                                                                 |             |            |
| Bankruptcy Management Solutions, Inc. (a)                                            | 501         | 10         |
| HMH Holdings/EduMedia (a)                                                            | 89,669      | 22,417     |
|                                                                                      |             | 22,427     |

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**Total Common Stocks 8.0%** 22,148,851

|                                                      | Par<br>(000) | Value      |
|------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                               |              |            |
| <b>Aerospace &amp; Defense 0.5%</b>                  |              |            |
| Huntington Ingalls Industries, Inc.:                 |              |            |
| 6.88%, 3/15/18                                       | USD 230      | \$ 242,075 |
| 7.13%, 3/15/21                                       | 330          | 353,513    |
| Kratos Defense & Security Solutions, Inc.,           |              |            |
| 10.00%, 6/01/17                                      | 756          | 814,590    |
|                                                      |              | 1,410,178  |
| <b>Air Freight &amp; Logistics 0.5%</b>              |              |            |
| National Air Cargo Group, Inc.:                      |              |            |
| Series 1, 12.38%, 9/02/15                            | 637          | 664,306    |
| Series 2, 12.38%, 8/16/15                            | 644          | 671,519    |
|                                                      |              | 1,335,825  |
| <b>Airlines 2.2%</b>                                 |              |            |
| American Airlines Pass-Through Trust, Series 2011-2, |              |            |
| Class A, 8.63%, 4/15/23                              | 1,120        | 1,187,200  |
| Continental Airlines, Inc.:                          |              |            |
| 6.75%, 9/15/15 (c)                                   | 630          | 636,300    |
| Series 1997-4-B, 6.90%, 7/02/18 (d)                  | 278          | 277,009    |
| Series 2010-1-B, 6.00%, 7/12/20                      | 480          | 465,363    |
| Delta Air Lines, Inc.:                               |              |            |
| Series 2009-1-B, 9.75%, 6/17/18                      | 199          | 211,186    |
| Series 2010-1-B, 6.38%, 7/02/17                      | 500          | 467,500    |
| United Air Lines, Inc., 12.75%, 7/15/12              | 2,062        | 2,134,551  |
| US Airways Pass-Through Trust, Series 2011-1,        |              |            |
| Class C, 10.88%, 10/22/14                            | 690          | 690,000    |
|                                                      |              | 6,069,109  |
| <b>Auto Components 1.8%</b>                          |              |            |
| Allison Transmission, Inc., 11.00%, 11/01/15 (c)     | 72           | 76,050     |
| Baker Corp. International, Inc., 8.25%, 6/01/19 (c)  | 210          | 214,200    |
| Dana Holding Corp., 6.75%, 2/15/21                   | 450          | 487,125    |
| Delphi Corp., 6.13%, 5/15/21 (c)                     | 170          | 182,325    |
| Icahn Enterprises LP:                                |              |            |
| 4.00%, 8/15/13 (c)(e)(f)                             | 255          | 256,530    |
| 8.00%, 1/15/18                                       | 3,035        | 3,217,100  |
| International Automotive Components Group, SL,       |              |            |
| 9.13%, 6/01/18 (c)                                   | 40           | 35,600     |
| Titan International, Inc., 7.88%, 10/01/17           | 465          | 494,062    |
|                                                      |              | 4,962,992  |
| <b>Beverages 0.4%</b>                                |              |            |
| Cott Beverages, Inc., 8.13%, 9/01/18                 |              |            |
|                                                      | 264          | 291,060    |
| Crown European Holdings SA:                          |              |            |
| 7.13%, 8/15/18 (c)                                   | EUR 302      | 431,022    |
| 7.13%, 8/15/18                                       | 238          | 339,680    |
|                                                      |              | 1,061,762  |
| <b>Biotechnology 0.1%</b>                            |              |            |
| QHP Pharma, 10.25%, 3/15/15 (c)                      | USD 221      | 222,472    |
| <b>Building Products 0.7%</b>                        |              |            |
| Building Materials Corp. of America (c):             |              |            |
| 7.00%, 2/15/20                                       | 440          | 477,400    |
| 6.75%, 5/01/21                                       | 1,020        | 1,109,250  |
| Momentive Performance Materials, Inc.,               |              |            |
| 11.50%, 12/01/16                                     | 475          | 399,000    |
|                                                      |              | 1,985,650  |
| <b>Capital Markets 1.1%</b>                          |              |            |
| American Capital Ltd., 7.96%, 12/31/13 (g)           |              |            |
|                                                      | 720          | 733,349    |
| E*Trade Financial Corp.:                             |              |            |
| 12.50%, 11/30/17 (h)                                 | 1,070        | 1,246,550  |

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|                                           |     |           |
|-------------------------------------------|-----|-----------|
| 3.39%, 8/31/19 (c)(e)(h)                  | 244 | 230,885   |
| Series A, 3.64%, 8/31/19 (e)(h)           | 7   | 6,624     |
| KKR Group Finance Co., 6.38%, 9/29/20 (c) | 650 | 691,741   |
|                                           |     | 2,909,149 |

See Notes to Consolidated Financial Statements.

ANNUAL REPORT

FEBRUARY 29, 2012

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## Consolidated Schedule of Investments (continued)

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

|                                                       | Par<br>(000) | Value      |
|-------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                |              |            |
| <b>Chemicals 3.8%</b>                                 |              |            |
| American Pacific Corp., 9.00%, 2/01/15                | USD 880      | \$ 858,000 |
| Ashland, Inc., 9.13%, 6/01/17                         | 430          | 482,675    |
| Basell Finance Co. BV, 8.10%, 3/15/27 (c)             | 495          | 566,775    |
| Celanese US Holdings LLC, 5.88%, 6/15/21              | 1,785        | 1,945,650  |
| Chemtura Corp., 7.88%, 9/01/18                        | 375          | 403,125    |
| Hexion U.S. Finance Corp., 9.00%, 11/15/20            | 310          | 303,800    |
| Huntsman International LLC, 8.63%, 3/15/21            | 170          | 192,100    |
| Ineos Finance Plc, 8.38%, 2/15/19 (c)                 | 465          | 494,062    |
| Kinove German Bondco GmbH, 10.00%, 6/15/18            | EUR 380      | 520,196    |
| Kraton Polymers LLC, 6.75%, 3/01/19                   | USD 125      | 127,500    |
| Lyondell Chemical Co., 11.00%, 5/01/18                | 2,743        | 3,007,320  |
| LyondellBasell Industries NV, 6.00%, 11/15/21 (c)     | 165          | 181,088    |
| Nexo Solutions LLC, 8.38%, 3/01/18 (c)                | 185          | 185,000    |
| PolyOne Corp., 7.38%, 9/15/20                         | 215          | 231,662    |
| Solutia, Inc., 7.88%, 3/15/20                         | 620          | 726,950    |
| TPC Group LLC, 8.25%, 10/01/17                        | 335          | 353,425    |
|                                                       |              | 10,579,328 |
| <b>Commercial Banks 2.3%</b>                          |              |            |
| CIT Group, Inc. (c):                                  |              |            |
| 7.00%, 5/02/16                                        | 3,276        | 3,280,095  |
| 7.00%, 5/02/17                                        | 2,420        | 2,423,025  |
| 5.50%, 2/15/19                                        | 600          | 612,750    |
|                                                       |              | 6,315,870  |
| <b>Commercial Services &amp; Supplies 1.9%</b>        |              |            |
| ACCO Brands Corp., 10.63%, 3/15/15                    | 330          | 364,241    |
| Aviation Capital Group Corp., 6.75%, 4/06/21 (c)      | 540          | 535,270    |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (c)       | 114          | 119,030    |
| Brickman Group Holdings, Inc., 9.13%,<br>11/01/18 (c) | 25           | 23,750     |
| Casella Waste Systems, Inc., 7.75%, 2/15/19           | 650          | 646,750    |
| Clean Harbors, Inc., 7.63%, 8/15/16                   | 380          | 402,800    |
| Iron Mountain, Inc., 7.75%, 10/01/19                  | 420          | 464,100    |
| Mobile Mini, Inc., 7.88%, 12/01/20                    | 365          | 383,250    |
| RSC Equipment Rental, Inc.:                           |              |            |
| 10.00%, 7/15/17 (c)                                   | 585          | 678,600    |
| 8.25%, 2/01/21                                        | 875          | 927,500    |
| Verisure Holding AB:                                  |              |            |
| 8.75%, 9/01/18                                        | EUR 184      | 247,594    |
| 8.75%, 12/01/18                                       | 100          | 118,575    |
| WCA Waste Corp., 7.50%, 6/15/19 (c)                   | USD 330      | 334,125    |
| West Corp., 8.63%, 10/01/18                           | 135          | 148,162    |
|                                                       |              | 5,393,747  |
| <b>Communications Equipment 0.8%</b>                  |              |            |
| Avaya, Inc., 9.75%, 11/01/15                          | 780          | 780,000    |
| Frontier Communications Corp., 6.25%, 1/15/13         | 900          | 929,250    |
| Hughes Satellite Systems Corp., 6.50%, 6/15/19        | 380          | 402,800    |
|                                                       |              | 2,112,050  |
| <b>Computers &amp; Peripherals 0.1%</b>               |              |            |
| SanDisk Corp., 1.50%, 8/15/17 (e)                     | 220          | 263,450    |
| <b>Construction &amp; Engineering 0.1%</b>            |              |            |

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|                                                               |     |     |         |
|---------------------------------------------------------------|-----|-----|---------|
| Abengoa SA, 8.50%, 3/31/16                                    | EUR | 100 | 136,587 |
| Bort Longyear Management Property Ltd.,<br>7.00%, 4/01/21 (c) | USD | 200 | 210,500 |
|                                                               |     |     | 347,087 |

**Construction Materials 0.2%**

|                    |     |     |         |
|--------------------|-----|-----|---------|
| Xefin Lux SCA:     |     |     |         |
| 8.00%, 6/01/18     | EUR | 100 | 133,896 |
| 8.00%, 6/01/18 (c) |     | 254 | 340,096 |
|                    |     |     | 473,992 |

| Corporate Bonds                         |     | Par<br>(000) |    | Value     |
|-----------------------------------------|-----|--------------|----|-----------|
| <b>Consumer Finance 1.4%</b>            |     |              |    |           |
| Credit Acceptance Corp., 9.13%, 2/01/17 | USD | 445          | \$ | 473,925   |
| Ford Motor Credit Co. LLC:              |     |              |    |           |
| 7.80%, 6/01/12                          |     | 200          |    | 202,466   |
| 7.00%, 4/15/15                          |     | 2,030        |    | 2,253,300 |
| 12.00%, 5/15/15                         |     | 730          |    | 917,933   |
| 6.63%, 8/15/17                          |     | 139          |    | 157,510   |
|                                         |     |              |    | 4,005,134 |

**Containers & Packaging 1.3%**

|                                                           |     |     |  |           |
|-----------------------------------------------------------|-----|-----|--|-----------|
| Ardagh Packaging Finance Plc (c):                         |     |     |  |           |
| 7.38%, 10/15/17                                           |     | 205 |  | 220,375   |
| 7.38%, 10/15/17                                           | EUR | 375 |  | 527,091   |
| 9.13%, 10/15/20                                           | USD | 395 |  | 407,837   |
| Berry Plastics Corp.:                                     |     |     |  |           |
| 4.42%, 9/15/14 (f)                                        |     | 300 |  | 287,250   |
| 8.25%, 11/15/15                                           |     | 115 |  | 123,625   |
| 9.75%, 1/15/21                                            |     | 360 |  | 385,200   |
| GCL Holdings SCA, 9.38%, 4/15/18 (c)                      | EUR | 267 |  | 317,484   |
| Graphic Packaging International, Inc.,<br>7.88%, 10/01/18 | USD | 375 |  | 412,500   |
| OI European Group BV, 6.88%, 3/31/17                      | EUR | 155 |  | 214,767   |
| Sealed Air Corp., 8.38%, 9/15/21                          | USD | 255 |  | 291,975   |
| Smurfit Kappa Acquisitions, 7.75%, 11/15/19 (c)           | EUR | 315 |  | 452,199   |
|                                                           |     |     |  | 3,640,303 |

**Diversified Consumer Services 1.5%**

|                                             |     |       |  |           |
|---------------------------------------------|-----|-------|--|-----------|
| Service Corp. International, 7.00%, 6/15/17 | USD | 3,000 |  | 3,360,000 |
| ServiceMaster Co., 8.00%, 2/15/20 (c)       |     | 655   |  | 691,025   |
|                                             |     |       |  | 4,051,025 |

**Diversified Financial Services 5.3%**

|                                                           |     |       |  |           |
|-----------------------------------------------------------|-----|-------|--|-----------|
| Ally Financial, Inc.:                                     |     |       |  |           |
| 7.50%, 12/31/13                                           |     | 280   |  | 298,200   |
| 8.30%, 2/12/15                                            |     | 540   |  | 596,700   |
| 6.25%, 12/01/17                                           |     | 660   |  | 682,188   |
| 7.50%, 9/15/20                                            |     | 670   |  | 737,837   |
| 8.00%, 11/01/31                                           |     | 1,170 |  | 1,306,012 |
| 8.00%, 11/01/31                                           |     | 610   |  | 661,884   |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16        |     | 373   |  | 397,711   |
| Boparan Holdings Ltd. (c):                                |     |       |  |           |
| 9.75%, 4/30/18                                            | EUR | 102   |  | 133,720   |
| 9.88%, 4/30/18                                            | GBP | 145   |  | 227,220   |
| DPL, Inc., 7.25%, 10/15/21 (c)                            | USD | 795   |  | 906,300   |
| FCE Bank Plc, 4.75%, 1/19/15                              | EUR | 1,000 |  | 1,365,594 |
| General Motors Financial Co., Inc., 6.75%,<br>6/01/18 (c) | USD | 300   |  | 323,747   |
| Lehman Brothers Holdings, Inc. (i):                       |     |       |  |           |
| 5.38%, 10/17/12                                           | EUR | 150   |  | 54,758    |
| 5.75%, 5/17/13                                            | USD | 620   |  | 168,175   |
| 4.75%, 1/16/14                                            | EUR | 760   |  | 277,438   |
| 1.00%, 2/05/14                                            |     | 1,600 |  | 596,870   |

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|                                         |     |       |            |
|-----------------------------------------|-----|-------|------------|
| 8.80%, 3/01/15                          | USD | 175   | 47,469     |
| Leucadia National Corp., 8.13%, 9/15/15 |     | 825   | 917,812    |
| Reynolds Group Issuer, Inc.:            |     |       |            |
| 8.75%, 10/15/16 (c)(j)                  | EUR | 345   | 488,371    |
| 8.75%, 10/15/16                         |     | 566   | 801,212    |
| 8.75%, 10/15/16 (c)                     | USD | 418   | 445,170    |
| 7.13%, 4/15/19 (c)                      |     | 245   | 259,088    |
| 7.88%, 8/15/19 (c)                      |     | 1,095 | 1,199,025  |
| 9.88%, 8/15/19 (c)                      |     | 1,110 | 1,147,462  |
| WMG Acquisition Corp. (c):              |     |       |            |
| 9.50%, 6/15/16                          |     | 120   | 132,600    |
| 11.50%, 10/01/18                        |     | 585   | 621,563    |
|                                         |     |       | 14,794,126 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                | Par<br>(000) | Value      |
|----------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                         |              |            |
| <b>Diversified Telecommunication Services 3.2%</b>             |              |            |
| Broadview Networks Holdings, Inc., 11.38%,<br>9/01/12          | USD 1,035    | \$ 928,913 |
| GCI, Inc., 6.75%, 6/01/21                                      | 288          | 291,600    |
| ITC Deltacom, Inc., 10.50%, 4/01/16                            | 280          | 291,900    |
| Level 3 Financing, Inc. (c):                                   |              |            |
| 8.13%, 7/01/19                                                 | 2,445        | 2,561,137  |
| 8.63%, 7/15/20                                                 | 1,060        | 1,131,550  |
| Qwest Communications International, Inc.:                      |              |            |
| 7.50%, 2/15/14                                                 | 1,300        | 1,304,550  |
| 8.00%, 10/01/15                                                | 720          | 772,875    |
| Qwest Corp., 7.63%, 6/15/15                                    | 525          | 597,234    |
| Videotron Ltee, 5.00%, 7/15/22 (c)(k)                          | 160          | 160,400    |
| Windstream Corp.:                                              |              |            |
| 8.13%, 8/01/13                                                 | 460          | 493,350    |
| 7.88%, 11/01/17                                                | 393          | 443,108    |
|                                                                |              | 8,976,617  |
| <b>Electric Utilities 0.8%</b>                                 |              |            |
| The Tokyo Electric Power Co., Inc., 4.50%, 3/24/14             | EUR 1,750    | 2,178,809  |
| <b>Electronic Equipment, Instruments &amp; Components 0.2%</b> |              |            |
| Elster Finance BV, 6.25%, 4/15/18 (c)                          | 114          | 154,008    |
| Jabil Circuit, Inc., 8.25%, 3/15/18                            | USD 235      | 279,650    |
| NXP BV/NXP Funding LLC, 9.75%, 8/01/18 (c)                     | 200          | 226,250    |
|                                                                |              | 659,908    |
| <b>Energy Equipment &amp; Services 3.1%</b>                    |              |            |
| Antero Resources Finance Corp., 7.25%,<br>8/01/19 (c)          | 165          | 174,075    |
| Atwood Oceanics, Inc., 6.50%, 2/01/20                          | 140          | 147,350    |
| Calfrac Holdings LP, 7.50%, 12/01/20 (c)                       | 395          | 395,000    |
| Compagnie Générale de Géophysique Veritas,<br>7.75%, 5/15/17   | 250          | 260,313    |
| Forbes Energy Services Ltd., 9.00%, 6/15/19                    | 365          | 359,525    |
| Frac Tech Services LLC, 7.63%, 11/15/18 (c)                    | 1,755        | 1,873,462  |
| Key Energy Services, Inc., 6.75%, 3/01/21                      | 450          | 471,375    |
| MEG Energy Corp., 6.50%, 3/15/21 (c)                           | 980          | 1,048,600  |
| Oil States International, Inc., 6.50%, 6/01/19                 | 320          | 344,000    |
| Peabody Energy Corp., 6.25%, 11/15/21 (c)                      | 2,630        | 2,754,925  |
| Transocean, Inc., 6.38%, 12/15/21                              | 755          | 891,013    |
|                                                                |              | 8,719,638  |
| <b>Food Products 0.2%</b>                                      |              |            |
| Darling International, Inc., 8.50%, 12/15/18                   | 240          | 270,000    |
| Post Holdings, Inc., 7.38%, 2/15/22 (c)                        | 225          | 239,625    |
|                                                                |              | 509,625    |
| <b>Health Care Equipment &amp; Supplies 2.2%</b>               |              |            |
| Biomet, Inc.:                                                  |              |            |
| 10.00%, 10/15/17                                               | 195          | 211,819    |
| 10.38%, 10/15/17 (h)(l)                                        | 1,450        | 1,578,687  |
| DJO Finance LLC (FKA ReAble Therapeutics<br>Finance LLC):      |              |            |
| 10.88%, 11/15/14                                               | 2,320        | 2,360,600  |

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|                                                                   |     |           |
|-------------------------------------------------------------------|-----|-----------|
| 7.75%, 4/15/18                                                    | 100 | 86,000    |
| Fresenius Medical Care US Finance, Inc., 6.50%,<br>9/15/18 (c)    | 208 | 230,360   |
| Fresenius Medical Care US Finance II, Inc., 5.88%,<br>1/31/22 (c) | 650 | 685,750   |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (c)                 | 540 | 623,700   |
| Teleflex, Inc., 6.88%, 6/01/19                                    | 295 | 317,863   |
|                                                                   |     | 6,094,779 |

| Corporate Bonds                                                   | Par<br>(000) | Value      |
|-------------------------------------------------------------------|--------------|------------|
| <b>Health Care Providers &amp; Services 5.4%</b>                  |              |            |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19                     | USD 415      | \$ 424,337 |
| ConvaTec Healthcare E SA, 7.38%, 12/15/17 (c)                     | EUR 494      | 682,837    |
| Crown Newco 3 Plc, 7.00%, 2/15/18 (c)                             | GBP 364      | 571,125    |
| HCA, Inc.:                                                        |              |            |
| 8.50%, 4/15/19                                                    | USD 135      | 151,200    |
| 6.50%, 2/15/20                                                    | 1,995        | 2,139,637  |
| 7.88%, 2/15/20                                                    | 95           | 104,738    |
| 7.25%, 9/15/20                                                    | 2,600        | 2,834,000  |
| 5.88%, 3/15/22                                                    | 275          | 281,875    |
| Health Management Associates, Inc., 7.38%,<br>1/15/20 (c)         | 940          | 979,950    |
| IASIS Healthcare LLC, 8.38%, 5/15/19 (c)                          | 755          | 721,025    |
| INC Research LLC, 11.50%, 7/15/19 (c)                             | 410          | 393,600    |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.)                  |              |            |
| 10.00%, 8/15/18 (c)                                               | 135          | 122,850    |
| Omnicare, Inc., 7.75%, 6/01/20                                    | 1,005        | 1,119,319  |
| PSS World Medical, Inc., 6.38%, 3/01/22 (c)                       | 285          | 296,400    |
| Symbion, Inc., 8.00%, 6/15/16 (c)                                 | 345          | 332,925    |
| Tenet Healthcare Corp.:                                           |              |            |
| 10.00%, 5/01/18                                                   | 779          | 907,535    |
| 6.25%, 11/01/18 (c)                                               | 330          | 351,863    |
| 8.88%, 7/01/19                                                    | 2,279        | 2,598,060  |
|                                                                   |              | 15,013,276 |
| <b>Health Care Technology 1.0%</b>                                |              |            |
| IMS Health, Inc., 12.50%, 3/01/18 (c)                             | 2,405        | 2,861,950  |
| <b>Hotels, Restaurants &amp; Leisure 2.6%</b>                     |              |            |
| Caesars Entertainment Operating Co., Inc.:                        |              |            |
| 11.25%, 6/01/17                                                   | 275          | 301,125    |
| 10.00%, 12/15/18                                                  | 1,460        | 1,127,850  |
| Caesars Operating Escrow, LLC., 8.50%,<br>2/15/20 (c)             | 715          | 729,300    |
| Diamond Resorts Corp., 12.00%, 8/15/18                            | 1,190        | 1,255,450  |
| El Dorado Resorts LLC, 8.63%, 6/15/19 (c)                         | 140          | 133,350    |
| Enterprise Inns Plc, 6.50%, 12/06/18                              | GBP 324      | 417,516    |
| Little Traverse Bay Bands of Odawa Indians, 9.00%,<br>8/31/20 (c) | USD 300      | 264,000    |
| MGM Resorts International:                                        |              |            |
| 13.00%, 11/15/13                                                  | 50           | 58,375     |
| 10.38%, 5/15/14                                                   | 255          | 290,062    |
| 4.25%, 4/15/15 (e)                                                | 540          | 579,150    |
| 11.13%, 11/15/17                                                  | 1,400        | 1,592,500  |
| Travelport LLC (FKA Travelport, Inc.):                            |              |            |
| 5.15%, 9/01/14 (f)                                                | 180          | 92,250     |
| 9.88%, 9/01/14                                                    | 40           | 22,900     |
| 9.00%, 3/01/16                                                    | 120          | 63,600     |
| 6.58%, 12/01/16 (c)(l)                                            | 406          | 285,979    |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(i) | 305          |            |
|                                                                   |              | 7,213,407  |



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**Household Durables 1.5%**

|                                          |     |       |           |
|------------------------------------------|-----|-------|-----------|
| Beazer Homes USA, Inc., 12.00%, 10/15/17 |     | 1,345 | 1,466,050 |
| Jarden Corp., 7.50%, 1/15/20             | EUR | 305   | 410,415   |
| Ryland Group, Inc., 6.63%, 5/01/20       | USD | 340   | 346,800   |
| Standard Pacific Corp.:                  |     |       |           |
| 10.75%, 9/15/16                          |     | 1,390 | 1,596,762 |
| 8.38%, 1/15/21                           |     | 290   | 308,125   |
|                                          |     |       | 4,128,152 |

**Household Products 0.5%**

|                                 |     |     |           |
|---------------------------------|-----|-----|-----------|
| Ontex IV SA, 7.50%, 4/15/18 (c) | EUR | 150 | 183,857   |
| Spectrum Brands Holdings, Inc.: |     |     |           |
| 9.50%, 6/15/18                  | USD | 360 | 410,400   |
| 9.50%, 6/15/18 (c)              |     | 590 | 672,600   |
|                                 |     |     | 1,266,857 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                              | Par<br>(000) | Value      |
|--------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                       |              |            |
| <b>Independent Power Producers &amp; Energy Traders 3.0%</b> |              |            |
| AES Corp., 7.38%, 7/01/21                                    | USD 655      | \$ 746,700 |
| Calpine Corp. (c):                                           |              |            |
| 7.25%, 10/15/17                                              | 180          | 190,800    |
| 7.50%, 2/15/21                                               | 100          | 108,500    |
| 7.88%, 1/15/23                                               | 285          | 310,650    |
| Energy Future Holdings Corp., 10.00%, 1/15/20                | 3,180        | 3,438,375  |
| Energy Future Intermediate Holding Co. LLC:                  |              |            |
| 10.00%, 12/01/20                                             | 964          | 1,047,145  |
| 11.75%, 3/01/22 (c)                                          | 1,420        | 1,455,500  |
| Laredo Petroleum, Inc., 9.50%, 2/15/19                       | 510          | 562,275    |
| QEP Resources, Inc., 5.38%, 10/01/22                         | 333          | 336,330    |
|                                                              |              | 8,196,275  |
| <b>Industrial Conglomerates 2.4%</b>                         |              |            |
| Sequa Corp. (c):                                             |              |            |
| 11.75%, 12/01/15                                             | 2,340        | 2,486,250  |
| 13.50%, 12/01/15                                             | 3,954        | 4,220,907  |
|                                                              |              | 6,707,157  |
| <b>Insurance 1.0%</b>                                        |              |            |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (c)                | 1,700        | 1,787,125  |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (c)                | 367          | 394,984    |
| Genworth Financial, Inc., 7.63%, 9/24/21                     | 430          | 446,135    |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (c)            | 260          | 232,050    |
|                                                              |              | 2,860,294  |
| <b>IT Services 1.7%</b>                                      |              |            |
| Eagle Parent Canada, Inc., 8.63%, 5/01/19 (c)                | 570          | 589,950    |
| First Data Corp.:                                            |              |            |
| 7.38%, 6/15/19 (c)                                           | 205          | 207,306    |
| 8.88%, 8/15/20 (c)                                           | 535          | 579,138    |
| 8.25%, 1/15/21 (c)                                           | 660          | 638,550    |
| 12.63%, 1/15/21                                              | 1,519        | 1,594,950  |
| SunGard Data Systems, Inc.:                                  |              |            |
| 7.38%, 11/15/18                                              | 440          | 473,000    |
| 7.63%, 11/15/20                                              | 600          | 648,000    |
|                                                              |              | 4,730,894  |
| <b>Machinery 0.8%</b>                                        |              |            |
| Navistar International Corp.:                                |              |            |
| 3.00%, 10/15/14 (e)                                          | 333          | 375,041    |
| 8.25%, 11/01/21                                              | 126          | 137,813    |
| SPX Corp., 6.88%, 9/01/17                                    | 175          | 194,250    |
| UR Financing Escrow Corp. (c)(k):                            |              |            |
| 5.75%, 7/15/18                                               | 257          | 264,068    |
| 7.38%, 5/15/20                                               | 350          | 359,187    |
| 7.63%, 4/15/22                                               | 937          | 969,795    |
|                                                              |              | 2,300,154  |
| <b>Media 14.1%</b>                                           |              |            |
| Affinion Group, Inc., 7.88%, 12/15/18                        | 815          | 729,425    |
| AMC Networks, Inc., 7.75%, 7/15/21 (c)                       | 225          | 250,875    |
| CCH II LLC, 13.50%, 11/30/16                                 | 3,253        | 3,740,604  |
| CCO Holdings LLC:                                            |              |            |

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|                                                            |       |           |
|------------------------------------------------------------|-------|-----------|
| 7.88%, 4/30/18                                             | 110   | 120,175   |
| 7.38%, 6/01/20                                             | 270   | 297,000   |
| 6.50%, 4/30/21                                             | 488   | 518,500   |
| Checkout Holding Corp., 10.68%, 11/15/15 (c)(h)            | 670   | 301,500   |
| Cinemark USA, Inc., 8.63%, 6/15/19                         | 220   | 244,750   |
| Clear Channel Communications, Inc.,<br>9.00%, 3/01/21      | 555   | 510,600   |
| Clear Channel Worldwide Holdings, Inc.:<br>9.25%, 12/15/17 | 1,495 | 1,637,025 |
| 7.63%, 3/15/20 (c)(k)                                      | 1,050 | 1,050,000 |
| Series B, 9.25%, 12/15/17 (d)                              | 5,700 | 6,270,000 |

| Corporate Bonds                                                             | Par<br>(000) | Value      |
|-----------------------------------------------------------------------------|--------------|------------|
| <b>Media (concluded)</b>                                                    |              |            |
| Cox Enterprises, Inc. (c):                                                  |              |            |
| Loan Close 2, 12.00%, 8/15/18                                               | USD 674      | \$ 684,339 |
| Loan Close 3, 12.00%, 8/15/18                                               | 771          | 782,397    |
| Shares Loan, 12.00%, 8/15/18                                                | 795          | 806,924    |
| CSC Holdings LLC, 8.50%, 4/15/14                                            | 390          | 432,900    |
| DISH DBS Corp.:                                                             |              |            |
| 7.00%, 10/01/13                                                             | 90           | 96,638     |
| 6.75%, 6/01/21                                                              | 400          | 444,000    |
| Gray Television, Inc., 10.50%, 6/29/15                                      | 935          | 987,594    |
| Harland Clarke Holdings Corp.:                                              |              |            |
| 6.00%, 5/15/15 (c)                                                          | 350          | 238,875    |
| 9.50%, 5/15/15                                                              | 315          | 248,062    |
| Intelsat Luxembourg SA:                                                     |              |            |
| 11.25%, 6/15/16                                                             | 1,520        | 1,607,400  |
| 11.25%, 2/04/17                                                             | 360          | 371,250    |
| 11.50%, 2/04/17 (l)                                                         | 1,330        | 1,369,900  |
| Interactive Data Corp., 10.25%, 8/01/18                                     | 1,345        | 1,516,487  |
| The Interpublic Group of Cos., Inc.,<br>10.00%, 7/15/17                     |              |            |
| Kabel BW Erste Beteiligungs GmbH, 7.50%,<br>3/15/19 (c)                     | EUR 673      | 959,402    |
| Kabel Deutschland Vertrieb und Service<br>GmbH & Co. KG, 6.50%, 6/29/18 (c) | 345          | 484,965    |
| Lamar Media Corp., 5.88%, 2/01/22 (c)                                       | USD 200      | 208,750    |
| Live Nation Entertainment, Inc., 8.13%,<br>5/15/18 (c)                      | 735          | 781,856    |
| Musketeer GmbH, 9.50%, 3/15/21 (c)                                          | EUR 320      | 460,443    |
| NAI Entertainment Holdings LLC, 8.25%,<br>12/15/17 (c)                      | USD 620      | 682,000    |
| Nielsen Finance LLC:                                                        |              |            |
| 11.63%, 2/01/14                                                             | 117          | 136,012    |
| 7.75%, 10/15/18                                                             | 2,145        | 2,386,312  |
| Odeon & UCI Finco Plc, 9.00%, 8/01/18 (c)                                   | GBP 207      | 325,200    |
| ProQuest LLC, 9.00%, 10/15/18 (c)                                           | USD 500      | 442,500    |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(c)(e)(i)                             | 850          | 425        |
| Unitymedia GmbH:                                                            |              |            |
| 9.63%, 12/01/19                                                             | EUR 168      | 241,732    |
| 9.63%, 12/01/19 (c)                                                         | 570          | 820,164    |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC<br>Germany GmbH) (c):              |              |            |
| 8.13%, 12/01/17                                                             | USD 655      | 710,675    |
| 8.13%, 12/01/17                                                             | EUR 441      | 631,610    |
| UPC Holding BV, 9.88%, 4/15/18 (c)                                          | USD 400      | 444,000    |
| UPCB Finance II Ltd. (c):                                                   |              |            |
| 6.38%, 7/01/20                                                              | EUR 822      | 1,089,674  |
| 6.38%, 7/01/20                                                              | 300          | 397,691    |

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|                                                         |     |       |            |
|---------------------------------------------------------|-----|-------|------------|
| Virgin Media Secured Finance Plc, 5.25%,<br>1/15/18 (k) | GBP | 335   | 575,588    |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (c)                   | EUR | 388   | 546,656    |
| Ziggo Finance BV, 6.13%, 11/15/17 (c)                   |     | 732   | 1,011,815  |
|                                                         |     |       | 38,983,990 |
| <b>Metals &amp; Mining 3.1%</b>                         |     |       |            |
| Goldcorp, Inc., 2.00%, 8/01/14 (e)                      | USD | 1,060 | 1,343,550  |
| New World Resources NV, 7.88%, 5/01/18                  | EUR | 655   | 885,746    |
| Newmont Mining Corp., Series A, 1.25%,<br>7/15/14 (e)   | USD | 1,475 | 2,035,500  |
| Novelis, Inc., 8.75%, 12/15/20 (c)                      |     | 3,315 | 3,696,225  |
| Taseko Mines Ltd., 7.75%, 4/15/19                       |     | 420   | 403,200    |
| Vedanta Resources Plc, 8.25%, 6/07/21 (c)               |     | 270   | 249,075    |
|                                                         |     |       | 8,613,296  |
| <b>Multiline Retail 1.7%</b>                            |     |       |            |
| Dollar General Corp., 11.88%, 7/15/17 (f)               |     | 4,351 | 4,775,266  |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

| Corporate Bonds                                            | Par<br>(000) | Value      |
|------------------------------------------------------------|--------------|------------|
| <b>Oil, Gas &amp; Consumable Fuels 10.7%</b>               |              |            |
| Alpha Natural Resources, Inc., 6.25%, 6/01/21              | USD 405      | \$ 392,850 |
| Aurora USA Oil & Gas, Inc., 9.88%, 2/15/17 (c)             | 455          | 468,650    |
| Berry Petroleum Co., 8.25%, 11/01/16                       | 510          | 531,675    |
| Bill Barrett Corp., 9.88%, 7/15/16                         | 25           | 27,625     |
| BreitBurn Energy Partners LP, 7.88%, 4/15/22 (c)           | 255          | 267,113    |
| Carrizo Oil & Gas, Inc., 8.63%, 10/15/18                   | 130          | 135,200    |
| Chesapeake Midstream Partners LP,<br>6.13%, 7/15/22        | 275          | 284,625    |
| Chesapeake Oilfield Operating LLC, 6.63%,<br>11/15/19 (c)  | 60           | 61,200     |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (c)              | 266          | 284,620    |
| Concho Resources, Inc., 7.00%, 1/15/21                     | 410          | 461,250    |
| Consol Energy, Inc., 8.25%, 4/01/20                        | 1,965        | 2,141,850  |
| Continental Resources, Inc., 7.13%, 4/01/21                | 370          | 410,700    |
| Copano Energy LLC, 7.13%, 4/01/21                          | 335          | 355,100    |
| Crosstex Energy LP, 8.88%, 2/15/18                         | 180          | 195,300    |
| Crown Oil Partners IV LP, 15.00%, 3/07/15                  | 585          | 584,824    |
| Denbury Resources, Inc.:<br>8.25%, 2/15/20                 | 672          | 766,080    |
| 6.38%, 8/15/21                                             | 350          | 385,875    |
| Energy XXI Gulf Coast, Inc.:<br>9.25%, 12/15/17            | 555          | 614,662    |
| 7.75%, 6/15/19                                             | 900          | 949,500    |
| EV Energy Partners LP, 8.00%, 4/15/19                      | 150          | 157,500    |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (c)                    | 745          | 812,050    |
| Holly Energy Partners LP, 6.50%, 3/01/20 (c)(k)            | 155          | 158,294    |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (c)                | 325          | 347,750    |
| Linn Energy LLC:<br>6.50%, 5/15/19 (c)                     | 95           | 96,900     |
| 6.25%, 11/01/19 (c)                                        | 1,820        | 1,817,725  |
| 8.63%, 4/15/20                                             | 225          | 249,750    |
| 7.75%, 2/01/21                                             | 200          | 215,000    |
| MarkWest Energy Partners LP, 6.75%, 11/01/20               | 135          | 147,488    |
| Newfield Exploration Co., 6.88%, 2/01/20                   | 940          | 1,015,200  |
| Niska Gas Storage US LLC, 8.88%, 3/15/18                   | 565          | 542,400    |
| Oasis Petroleum, Inc.:<br>7.25%, 2/01/19                   | 330          | 349,800    |
| 6.50%, 11/01/21                                            | 290          | 298,700    |
| OGX Petroleo e Gas Participações SA, 8.50%,<br>6/01/18 (c) | 4,805        | 5,009,212  |
| PBF Holding Co. LLC, 8.25%, 2/15/20 (c)                    | 340          | 340,000    |
| PetroBakken Energy Ltd., 8.63%, 2/01/20 (c)                | 865          | 919,062    |
| Petrohawk Energy Corp.:<br>10.50%, 8/01/14                 | 370          | 411,162    |
| 7.88%, 6/01/15                                             | 460          | 485,875    |
| 7.25%, 8/15/18                                             | 320          | 366,000    |
| Petroleum Geo-Services ASA, 7.38%, 12/15/18 (c)            | 575          | 603,750    |
| Pioneer Natural Resources Co.:<br>6.88%, 5/01/18           | 460          | 540,349    |
| 7.50%, 1/15/20                                             | 145          | 179,187    |

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|                                               |     |            |
|-----------------------------------------------|-----|------------|
| Plains Exploration & Production Co.:          |     |            |
| 6.63%, 5/01/21                                | 800 | 864,000    |
| 6.75%, 2/01/22                                | 510 | 558,450    |
| Precision Drilling Corp., 6.50%, 12/15/21 (c) | 295 | 314,913    |
| Range Resources Corp.:                        |     |            |
| 8.00%, 5/15/19                                | 345 | 384,675    |
| 5.75%, 6/01/21                                | 985 | 1,053,950  |
| 5.00%, 8/15/22 (k)                            | 435 | 439,350    |
| Ruby Pipeline LLC, 6.00%, 4/01/22 (c)         | 390 | 389,218    |
| Samson Investment Co., 9.75%, 2/15/20 (c)     | 650 | 684,125    |
| SandRidge Energy, Inc., 7.50%, 3/15/21        | 450 | 454,500    |
| SM Energy Co., 6.63%, 2/15/19                 | 130 | 139,425    |
|                                               |     | 29,664,459 |

|                                                               | Par<br>(000) | Value      |
|---------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                        |              |            |
| <b>Paper &amp; Forest Products 2.5%</b>                       |              |            |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (c)(l)             | USD 1,221    | \$ 891,563 |
| Boise Paper Holdings LLC:                                     |              |            |
| 9.00%, 11/01/17                                               | 435          | 478,500    |
| 8.00%, 4/01/20                                                | 165          | 181,088    |
| Clearwater Paper Corp.:                                       |              |            |
| 10.63%, 6/15/16                                               | 390          | 443,137    |
| 7.13%, 11/01/18                                               | 585          | 623,025    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (c)                       | 1,600        | 1,772,523  |
| Longview Fibre Paper & Packaging, Inc., 8.00%,<br>6/01/16 (c) | 345          | 354,488    |
| NewPage Corp., 11.38%, 12/31/14 (a)(i)                        | 2,070        | 1,247,175  |
| Sappi Papier Holding GmbH, 6.63%, 4/15/21 (c)                 | 140          | 131,250    |
| Verso Paper Holdings LLC, 11.50%, 7/01/14                     | 756          | 771,120    |
|                                                               |              | 6,893,869  |
| <b>Pharmaceuticals 0.6%</b>                                   |              |            |
| Capsugel Finance Co. SCA:                                     |              |            |
| 9.88%, 8/01/19                                                | EUR 100      | 143,222    |
| 9.88%, 8/01/19 (c)                                            | 200          | 286,445    |
| Jaguar Holding Co. II, 9.50%, 12/01/19 (c)                    | USD 420      | 459,375    |
| Valeant Pharmaceuticals International, 6.50%,<br>7/15/16 (c)  | 855          | 872,100    |
|                                                               |              | 1,761,142  |
| <b>Professional Services 0.4%</b>                             |              |            |
| FTI Consulting, Inc., 6.75%, 10/01/20                         | 920          | 994,750    |
| <b>Real Estate Investment Trusts (REITs) 0.7%</b>             |              |            |
| Felcor Lodging LP, 6.75%, 6/01/19                             | 1,405        | 1,436,612  |
| The Rouse Co. LP, 6.75%, 11/09/15                             | 520          | 544,050    |
|                                                               |              | 1,980,662  |
| <b>Real Estate Management &amp; Development 2.4%</b>          |              |            |
| CBRE Services, Inc., 6.63%, 10/15/20                          | 335          | 355,938    |
| Forest City Enterprises, Inc., 7.63%, 6/01/15                 | 1,425        | 1,403,625  |
| IVG Immobilien AG, 8.00% (m)                                  | EUR 100      | 89,597     |
| Realty Corp.:                                                 |              |            |
| 11.50%, 4/15/17                                               | USD 400      | 366,000    |
| 12.00%, 4/15/17                                               | 100          | 92,000     |
| 7.88%, 2/15/19 (c)                                            | 2,380        | 2,308,600  |
| 7.63%, 1/15/20 (c)                                            | 505          | 521,412    |
| 9.00%, 1/15/20 (c)                                            | 365          | 366,825    |
| Shea Homes LP, 8.63%, 5/15/19 (c)                             | 1,250        | 1,262,500  |
|                                                               |              | 6,766,497  |
| <b>Road &amp; Rail 1.6%</b>                                   |              |            |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19                    | 130          | 135,525    |
| Florida East Coast Railway Corp., 8.13%, 2/01/17              | 410          | 414,100    |
| Hertz Holdings Netherlands BV:                                |              |            |

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|                                                |     |       |           |
|------------------------------------------------|-----|-------|-----------|
| 8.50%, 7/31/15                                 | EUR | 188   | 270,510   |
| 8.50%, 7/31/15 (c)                             |     | 1,325 | 1,906,521 |
| <b>The Hertz Corp.:</b>                        |     |       |           |
| 7.50%, 10/15/18                                | USD | 645   | 695,794   |
| 6.75%, 4/15/19 (c)                             |     | 110   | 115,225   |
| 6.75%, 4/15/19 (c)(k)                          |     | 290   | 303,775   |
| 7.38%, 1/15/21 (c)                             |     | 495   | 535,837   |
|                                                |     |       | 4,377,287 |
| <b>Semiconductors &amp; Semiconductor</b>      |     |       |           |
| <b>Equipment 0.2%</b>                          |     |       |           |
| Spansion LLC, 7.88%, 11/15/17 (c)              |     | 580   | 569,850   |
| <b>Software 0.2%</b>                           |     |       |           |
| Sophia LP, 9.75%, 1/15/19 (c)                  |     | 442   | 475,150   |
| <b>Specialty Retail 2.5%</b>                   |     |       |           |
| Asbury Automotive Group, Inc., 8.38%, 11/15/20 |     | 365   | 391,462   |
| Hillman Group, Inc., 10.88%, 6/01/18           |     | 530   | 555,175   |
| <b>House of Fraser Funding Plc:</b>            |     |       |           |
| 8.88%, 8/15/18 (c)                             | GBP | 285   | 405,799   |
| 8.88%, 8/15/18                                 |     | 221   | 314,672   |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                   |     | Par<br>(000) | Value       |
|-------------------------------------------------------------------|-----|--------------|-------------|
| <b>Corporate Bonds</b>                                            |     |              |             |
| <b>Specialty Retail (concluded)</b>                               |     |              |             |
| Limited Brands, Inc.:                                             |     |              |             |
| 8.50%, 6/15/19                                                    | USD | 785          | \$ 938,075  |
| 5.63%, 2/15/22                                                    |     | 160          | 164,800     |
| Phones4u Finance Plc, 9.50%, 4/01/18 (c)                          | GBP | 400          | 558,406     |
| QVC, Inc. (c):                                                    |     |              |             |
| 7.13%, 4/15/17                                                    | USD | 230          | 247,250     |
| 7.50%, 10/01/19                                                   |     | 625          | 693,750     |
| 7.38%, 10/15/20                                                   |     | 290          | 321,175     |
| Sally Holdings LLC, 6.88%, 11/15/19 (c)                           |     | 545          | 585,875     |
| Sonic Automotive, Inc., 9.00%, 3/15/18                            |     | 370          | 402,375     |
| Toys R US-Delaware, Inc., 7.38%, 9/01/16 (c)                      |     | 150          | 154,125     |
| United Auto Group, Inc., 7.75%, 12/15/16                          |     | 1,025        | 1,068,573   |
|                                                                   |     |              | 6,801,512   |
| <b>Transportation Infrastructure 0.2%</b>                         |     |              |             |
| Aguila 3 SA, 7.88%, 1/31/18 (c)                                   |     | 431          | 453,089     |
| <b>Wireless Telecommunication Services 5.0%</b>                   |     |              |             |
| Cricket Communications, Inc., 7.75%, 5/15/16                      |     | 110          | 117,150     |
| Digicel Group Ltd. (c):                                           |     |              |             |
| 8.88%, 1/15/15                                                    |     | 700          | 712,250     |
| 9.13%, 1/15/15                                                    |     | 1,783        | 1,818,660   |
| 8.25%, 9/01/17                                                    |     | 1,180        | 1,250,800   |
| 10.50%, 4/15/18                                                   |     | 500          | 545,000     |
| iPCS, Inc., 2.67%, 5/01/13 (f)                                    |     | 995          | 957,687     |
| Matterhorn Mobile Holdings SA, 8.25%, 2/15/20                     | EUR | 305          | 418,542     |
| MetroPCS Wireless, Inc., 6.63%, 11/15/20                          | USD | 1,070        | 1,102,100   |
| NII Capital Corp., 7.63%, 4/01/21                                 |     | 661          | 675,873     |
| Sprint Capital Corp., 6.88%, 11/15/28                             |     | 2,390        | 1,864,200   |
| Sprint Nextel Corp. (c):                                          |     |              |             |
| 9.00%, 11/15/18                                                   |     | 2,200        | 2,453,000   |
| 7.00%, 3/01/20                                                    |     | 2,020        | 2,052,825   |
|                                                                   |     |              | 13,968,087  |
| <b>Total Corporate Bonds 101.5%</b>                               |     |              | 281,429,947 |
| <b>Floating Rate Loan Interests (f)</b>                           |     |              |             |
| <b>Airlines 0.2%</b>                                              |     |              |             |
| Delta Air Lines, Inc., Credit New Term Loan B,<br>5.50%, 4/20/17  |     | 533          | 520,212     |
| <b>Auto Components 0.2%</b>                                       |     |              |             |
| Schaeffler AG, Term Loan C2, 1/27/17                              |     | 495          | 496,445     |
| <b>Building Products 0.1%</b>                                     |     |              |             |
| Goodman Global, Inc., Term Loan (Second Lien),<br>9.00%, 10/30/17 |     | 398          | 403,944     |
| <b>Capital Markets 0.4%</b>                                       |     |              |             |
| Nuveen Investments, Inc.:                                         |     |              |             |
| 7.25%, 5/13/17                                                    |     | 655          | 659,585     |
| 7.25%, 3/14/19                                                    |     | 415          | 418,631     |
|                                                                   |     |              | 1,078,216   |
| <b>Chemicals 0.3%</b>                                             |     |              |             |



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|                                                                                    |                  |              |
|------------------------------------------------------------------------------------|------------------|--------------|
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Loan B (First Lien), 3.50%, 7/30/14 | 290              | 282,640      |
| Styron Sarl LLC, Term Loan B, 6.00% 6.75%, 8/02/17                                 | 490              | 441,405      |
|                                                                                    |                  | 724,045      |
| <b>Commercial Services &amp; Supplies 0.7%</b>                                     |                  |              |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16                          | 487              | 485,114      |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16                                 | 550              | 550,588      |
| Volume Services America, Inc., Term Loan B, 10.50% 10.75%, 9/16/16                 | 988              | 991,618      |
|                                                                                    |                  | 2,027,320    |
|                                                                                    | <b>Par (000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (f)</b>                                            |                  |              |
| <b>Communications Equipment 0.1%</b>                                               |                  |              |
| Avaya, Inc., Term Loan B1, 3.24%, 10/24/14                                         | USD 200          | \$ 195,694   |
| <b>Construction &amp; Engineering 0.7%</b>                                         |                  |              |
| Safway Services LLC, Mezzanine Loan, 15.63%, 12/16/17                              | 2,000            | 2,000,000    |
| <b>Consumer Finance 1.7%</b>                                                       |                  |              |
| Springleaf Finance Corp. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17         | 5,085            | 4,635,537    |
| <b>Diversified Consumer Services 0.0%</b>                                          |                  |              |
| ServiceMaster Co.:                                                                 |                  |              |
| Delayed Draw Term Loan, 2.75%, 7/24/14                                             | 9                | 8,456        |
| Term Loan, 2.77% 3.03%, 7/24/14                                                    | 86               | 84,912       |
|                                                                                    |                  | 93,368       |
| <b>Diversified Telecommunication Services 0.5%</b>                                 |                  |              |
| Level 3 Financing, Inc.:                                                           |                  |              |
| Incremental Tranche A Term Loan, 2.50% 2.83%, 3/13/14                              | 500              | 491,750      |
| Term Loan B, 5.75%, 8/31/18                                                        | 850              | 855,848      |
|                                                                                    |                  | 1,347,598    |
| <b>Electronic Equipment, Instruments &amp; Components 0.1%</b>                     |                  |              |
| CDW LLC (FKA CDW Corp.):                                                           |                  |              |
| Extended Term Loan, 4.00%, 7/14/17                                                 | 280              | 273,649      |
| Non-Extended Term Loan, 3.75%, 10/10/14                                            | 106              | 105,593      |
|                                                                                    |                  | 379,242      |
| <b>Energy Equipment &amp; Services 2.2%</b>                                        |                  |              |
| CCS Corp., Incremental Term Loan, 6.50%, 10/17/14                                  | 275              | 275,275      |
| Dynegy Holdings, Inc.:                                                             |                  |              |
| Coal Co. Term Loan, 9.25%, 8/04/16                                                 | 1,991            | 1,980,151    |
| Gas Co. Term Loan, 9.25%, 8/04/16                                                  | 3,645            | 3,759,335    |
|                                                                                    |                  | 6,014,761    |
| <b>Food &amp; Staples Retailing 0.1%</b>                                           |                  |              |
| U.S. Foodservice, Inc., Term Loan B, 2.74%, 7/03/14                                | 170              | 164,050      |
| <b>Food Products 0.3%</b>                                                          |                  |              |
| Advance Pierre Foods, Term Loan (Second Lien), 11.25%, 9/29/17                     | 900              | 900,747      |
| <b>Health Care Equipment &amp; Supplies 0.3%</b>                                   |                  |              |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                                   | 765              | 764,526      |
| <b>Health Care Providers &amp; Services 0.7%</b>                                   |                  |              |
| Harden Healthcare LLC:                                                             |                  |              |
| Term Loan A, 8.50%, 3/02/15                                                        | 410              | 401,656      |
| Tranche A Additional Term Loan, 7.75%, 3/02/15                                     | 432              | 423,665      |
| Health Management Associates, Inc., Term Loan B, 4.50%, 11/16/18                   | 395              | 392,433      |

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|                                                              |       |           |
|--------------------------------------------------------------|-------|-----------|
| inVentiv Health, Inc., Combined Term Loan,<br>6.50%, 8/04/16 | 795   | 764,413   |
|                                                              |       | 1,982,167 |
| <b>Hotels, Restaurants &amp; Leisure 1.3%</b>                |       |           |
| Caesars Entertainment Operating Co., Inc.:                   |       |           |
| Incremental Term Loan B4, 9.50%, 10/31/16                    | 485   | 498,890   |
| Term Loan B1, 3.24%, 1/28/15                                 | 811   | 759,910   |
| Term Loan B2, 3.24%, 1/28/15                                 | 970   | 909,105   |
| Term Loan B3, 3.24% 3.47%, 1/28/15                           | 309   | 289,658   |
| OSI Restaurant Partners LLC:                                 |       |           |
| Revolver, 2.56% 2.79%, 6/14/13                               | 9     | 9,194     |
| Term Loan B, 2.56%, 6/14/14                                  | 96    | 93,266    |
| Station Casinos, Inc., Term Loan B1, 3.24%, 6/17/16          | 1,050 | 946,753   |
| Travelport LLC (FKA Travelport, Inc.):                       |       |           |
| Extended Tranche A Term Loan, 6.54%, 9/28/12                 | 187   | 88,690    |
| Extended Tranche B Term Loan, 14.04%,<br>12/01/16            | 580   | 130,528   |
|                                                              |       | 3,725,994 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                                                          | Par<br>(000) | Value      |
|----------------------------------------------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (f)</b>                                                                  |              |            |
| <b>Independent Power Producers &amp; Energy Traders 0.1%</b>                                             |              |            |
| Texas Competitive Electric Holdings Co. LLC (TXU),<br>Extended Term Loan, 4.76%, 10/10/17                | USD 749      | \$ 417,813 |
| <b>Industrial Conglomerates 0.2%</b>                                                                     |              |            |
| Sequa Corp., Incremental Term Loan,<br>6.25%, 12/03/14                                                   | 440          | 441,465    |
| <b>IT Services 0.3%</b>                                                                                  |              |            |
| First Data Corp., Extended Term Loan B,<br>4.24%, 3/23/18                                                | 785          | 704,412    |
| <b>Leisure Equipment &amp; Products 0.2%</b>                                                             |              |            |
| Eastman Kodak Co., Term Loan B, 7/20/13                                                                  | 585          | 592,131    |
| <b>Media 5.1%</b>                                                                                        |              |            |
| Cengage Learning Acquisitions, Inc.:<br>Term Loan, 7/03/14                                               | 325          | 301,600    |
| Tranche 1 Incremental Term Loan,<br>7.50%, 7/03/14                                                       | 1,689        | 1,633,866  |
| Cequel Communications LLC, Term Loan B, 2/11/19                                                          | 600          | 593,862    |
| Clear Channel Communications:<br>Term Loan B, 3.89%, 1/28/16                                             | 2,150        | 1,764,491  |
| Term Loan C, 3.89%, 1/28/16                                                                              | 391          | 309,542    |
| HMH Publishing Co. Ltd., Term Loan,<br>6.51%, 6/12/14                                                    | 927          | 572,930    |
| Intelsat Jackson Holdings SA (FKA Intel Jackson<br>Holding Ltd.), Tranche B Term Loan, 5.25%,<br>4/02/18 | 7,245        | 7,232,933  |
| Interactive Data Corp., New Term Loan B,<br>4.50%, 2/12/18                                               | 50           | 49,887     |
| Newsday LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13                                                    | 1,325        | 1,363,094  |
| Univision Communications, Inc., Extended First Lien<br>Term Loan, 4.49%, 3/31/17                         | 335          | 311,098    |
|                                                                                                          |              | 14,133,303 |
| <b>Oil, Gas &amp; Consumable Fuels 0.6%</b>                                                              |              |            |
| Obsidian Natural Gas Trust, Term Loan,<br>7.00%, 11/02/15                                                | 1,653        | 1,660,918  |
| <b>Paper &amp; Forest Products 0.5%</b>                                                                  |              |            |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                                                             | 600          | 604,500    |
| Verso Paper Finance Holdings LLC, Term Loan with<br>PIK option, 6.79% 7.54%, 2/01/13                     | 1,483        | 741,410    |
|                                                                                                          |              | 1,345,910  |
| <b>Pharmaceuticals 0.5%</b>                                                                              |              |            |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                                                        | 990          | 981,585    |
| Pharmaceutical Products Development, Inc., Term<br>Loan B, 6.25%, 12/05/18                               | 395          | 398,456    |
|                                                                                                          |              | 1,380,041  |
| <b>Real Estate Investment Trusts (REITs) 0.6%</b>                                                        |              |            |
| iStar Financial, Inc., Term Loan A1, 5.00%, 6/28/13                                                      | 1,677        | 1,669,739  |
| <b>Real Estate Management &amp; Development 0.3%</b>                                                     |              |            |
| Realogy Corp.:                                                                                           |              |            |
|                                                                                                          | 112          | 103,950    |

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|                                                              |     |         |
|--------------------------------------------------------------|-----|---------|
| Extended Synthetic Letter of Credit Loan,<br>4.53%, 10/10/16 |     |         |
| Extended Term Loan, 4.77%, 10/10/16                          | 737 | 683,382 |
|                                                              |     | 787,332 |

**Semiconductors & Semiconductor**

**Equipment 0.0%**

|                                         |    |        |
|-----------------------------------------|----|--------|
| NXP B.V., Term Loan A-2, 5.50%, 3/03/17 | 70 | 69,475 |
|-----------------------------------------|----|--------|

**Software 0.2%**

Infor Enterprise Solutions Holdings, Inc.:

|                                          |     |         |
|------------------------------------------|-----|---------|
| Extended Delayed Draw Term Loan, 7/28/15 | 158 | 154,276 |
| Extended Initial Term Loan, 7/28/15      | 297 | 290,487 |
|                                          |     | 444,763 |

|                                                                  | Par<br>(000) | Value      |
|------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (f)</b>                          |              |            |
| <b>Specialty Retail 0.2%</b>                                     |              |            |
| Claire's Stores, Inc., Term Loan B, 2.99% 3.30%,<br>5/29/14      | USD 522      | \$ 494,915 |
| <b>Wireless Telecommunication Services 1.2%</b>                  |              |            |
| Crown Castle International Corp., Term Loan B,<br>4.00%, 1/25/19 | 160          | 159,272    |
| Vodafone Americas Finance 2, Inc. (1):                           |              |            |
| Term Loan, 6.88%, 8/11/15                                        | 1,938        | 1,938,173  |
| Term Loan B, 6.25%, 7/11/16                                      | 1,341        | 1,337,274  |
|                                                                  |              | 3,434,719  |
| <b>Total Floating Rate Loan Interests 19.9%</b>                  |              | 55,030,802 |

|                                                      | Beneficial<br>Interest<br>(000) |       |
|------------------------------------------------------|---------------------------------|-------|
| <b>Other Interests (n)</b>                           |                                 |       |
| <b>Auto Components 0.0%</b>                          |                                 |       |
| Lear Corp. Escrow (a)                                | 460                             | 4,600 |
| <b>Chemicals 0.0%</b>                                |                                 |       |
| Wellman Holdings, Inc., Litigation Trust Certificate | 2,830                           | 28    |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>        |                                 |       |
| Buffets, Inc. (a)                                    | 575                             | 6     |
| <b>Media 0.0%</b>                                    |                                 |       |
| Adelphia Escrow (a)                                  | 750                             | 8     |
| Adelphia Recovery Trust (a)                          | 941                             | 94    |
|                                                      |                                 | 102   |
| <b>Total Other Interests 0.0%</b>                    |                                 | 4,736 |

**Preferred Securities**

**Capital Trusts 0.2%**

**Insurance 0.2%**

|                                               |     |         |
|-----------------------------------------------|-----|---------|
| Genworth Financial, Inc., 6.15%, 11/15/66 (f) | 865 | 593,606 |
|-----------------------------------------------|-----|---------|

**Preferred Stocks**

**Auto Components 0.9%**

|                                  |        |           |
|----------------------------------|--------|-----------|
| Dana Holding Corp., 4.00% (a)(c) | 17,830 | 2,400,364 |
|----------------------------------|--------|-----------|

**Diversified Financial Services 1.1%**

|                                    |       |           |
|------------------------------------|-------|-----------|
| Ally Financial, Inc., 7.00% (c)(f) | 3,424 | 2,970,962 |
|------------------------------------|-------|-----------|

**Media 0.1%**

|                      |         |         |
|----------------------|---------|---------|
| TRA Global, Inc. (a) | 286,652 | 352,582 |
|----------------------|---------|---------|

**Real Estate Investment Trusts (REITs) 0.0%**

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|                                             |        |                  |
|---------------------------------------------|--------|------------------|
| MPG Office Trust, Inc., Series A, 7.63% (a) | 8,994  | 127,715          |
| <b>Thriffs &amp; Mortgage Finance 0.1%</b>  |        |                  |
| Fannie Mae, Series O, 7.00% (a)             | 30,000 | 55,500           |
| Freddie Mac, Series Z, 8.00% (a)            | 75,961 | 112,422          |
|                                             |        | 167,922          |
| <b>Total Preferred Stocks 2.2%</b>          |        | <b>6,019,545</b> |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                                                                                | Shares           | Value        |
|----------------------------------------------------------------------------------------------------------------|------------------|--------------|
| <b>Trust Preferred</b>                                                                                         |                  |              |
| <b>Diversified Financial Services 0.8%</b>                                                                     |                  |              |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (c)                                                             | 73,410           | \$ 1,717,990 |
| RBS Capital Funding Trust VII, 6.08%, 12/31/49                                                                 | 45,000           | 615,150      |
|                                                                                                                |                  | 2,333,140    |
| <b>Total Preferred Securities 3.2%</b>                                                                         |                  | 8,946,291    |
| <b>Warrants (o)</b>                                                                                            |                  |              |
| <b>Containers &amp; Packaging 0.0%</b>                                                                         |                  |              |
| MDP Acquisitions Plc (Expires 10/10/13) (c)                                                                    | 700              | 37,325       |
| <b>Health Care Providers &amp; Services 0.0%</b>                                                               |                  |              |
| HealthSouth Corp. (Expires 1/16/14)                                                                            | 32,042           |              |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>                                                                  |                  |              |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14)                                                           | 485              |              |
| <b>Media 0.1%</b>                                                                                              |                  |              |
| Cumulus Media, Inc. (Expires 3/26/19)                                                                          | 42,640           | 307,980      |
| New Vision Holdings LLC (Expires 9/30/14)                                                                      | 22,447           | 1            |
|                                                                                                                |                  | 307,981      |
| <b>Software 0.0%</b>                                                                                           |                  |              |
| Bankruptcy Management Solutions, Inc.<br>(Expires 9/29/17)                                                     | 334              |              |
| HMH Holdings/EduMedia (Expires 3/09/17)                                                                        | 11,225           |              |
| <b>Total Warrants 0.1%</b>                                                                                     |                  | 345,306      |
| <b>Total Long-Term Investments</b>                                                                             |                  |              |
| <b>(Cost \$360,359,973) 132.7%</b>                                                                             |                  | 367,905,933  |
| <b>Options Purchased</b>                                                                                       |                  |              |
|                                                                                                                | <b>Contracts</b> |              |
| <b>Exchange-Traded Put Options 0.1%</b>                                                                        |                  |              |
| SPDR S&P 500 ETF Trust:                                                                                        |                  |              |
| Strike Price USD 134.00, Expires 3/17/12                                                                       | 1,140            | 107,160      |
| Strike Price USD 136.00, Expires 3/17/12                                                                       | 200              | 31,600       |
| Strike Price USD 136.00, Expires 4/21/12                                                                       | 200              | 63,800       |
|                                                                                                                |                  | 202,560      |
| <b>Over-the-Counter Call Options 0.0%</b>                                                                      |                  |              |
| Marsico Parent Superholdco LLC, Strike Price<br>USD 942.86, Expires 12/14/19, Broker<br>Goldman Sachs Bank USA | 19               |              |
| <b>Total Options Purchased</b>                                                                                 |                  |              |
| <b>(Cost \$458,662) 0.1%</b>                                                                                   |                  | 202,560      |
| <b>Total Investments Before Options Written</b>                                                                |                  |              |
| <b>(Cost \$360,818,635) 132.8%</b>                                                                             |                  | 368,108,493  |
| <b>Options Written</b>                                                                                         |                  |              |
| <b>Exchange-Traded Put Options (0.0)%</b>                                                                      |                  |              |
| SPDR S&P 500 ETF Trust, Strike Price USD 125.00,<br>Expires 3/17/12                                            | 1,140            | (16,530)     |
|                                                                                                                |                  | (16,530)     |

|                                                         |  |                |
|---------------------------------------------------------|--|----------------|
| <b>Total Options Written</b>                            |  |                |
| <b>(Premiums Received \$81,580) (0.0)%</b>              |  |                |
| <b>Total Investments, Net of Options Written 132.8%</b> |  | 368,091,963    |
| <b>Liabilities in Excess of Other Assets (32.8)%</b>    |  | (90,905,341)   |
| <b>Net Assets 100.0%</b>                                |  | \$ 277,186,622 |

- (a) Non-income producing security.
- (b) Restricted security as to resale. As of report date the Fund held 2.7% of its net assets, with a current value of \$7,570,792 and an original cost of \$2,417,941 in this security.
- (c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) All or a portion of security has been pledged as collateral in connection with swaps.
- (e) Convertible security.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) Issuer filed for bankruptcy and/or is in default of interest payments.
- (j) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (k) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                   | Value        | Unrealized Appreciation |
|--------------------------------|--------------|-------------------------|
| Goldman Sachs & Co.            | \$ 1,050,000 |                         |
| Citigroup Global Markets, Inc. | \$ 158,294   | \$ 3,294                |
| Bank of America                | \$ 1,175,338 | \$ 14,269               |
| Barclays Capital Inc.          | \$ 303,775   | \$ 2,175                |
| Morgan Stanley Co.             | \$ 1,593,050 | \$ 49,051               |

- (l) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (m) Security is perpetual in nature and has no stated maturity date.
- (n) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
- (o) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

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

| Affiliate                                                | Shares Held at February 28, 2011 | Net Activity | Shares Held at February 29, 2012 | Income   |
|----------------------------------------------------------|----------------------------------|--------------|----------------------------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 1,845,167                        | (1,845,167)  |                                  | \$ 1,101 |

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Financial futures contracts sold as of February 29, 2012 were as follows:

| Contracts | Issue                   | Exchange              | Expiration    | Notional Value | Unrealized Depreciation |
|-----------|-------------------------|-----------------------|---------------|----------------|-------------------------|
| 120       | S&P 500<br>Index E-Mini | Chicago<br>Mercantile | March<br>2012 | \$ 8,186,400   | \$ (258,828)            |

Foreign currency exchange contracts as of February 29, 2012 were as follows:

| Currency Purchased |           | Currency Sold |           | Counterparty                  | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|-----------|---------------|-----------|-------------------------------|-----------------|----------------------------------------|
| GBP                | 150,000   | USD           | 235,239   | Royal Bank of<br>Scotland Plc | 4/11/12         | \$ 3,328                               |
| USD                | 998,644   | CAD           | 1,025,000 | Citibank NA                   | 4/11/12         | (36,363)                               |
| USD                | 1,754,743 | CAD           | 1,792,000 | Royal Bank of<br>Scotland Plc | 4/11/12         | (54,751)                               |
| USD                | 413,203   | GBP           | 260,000   | Citibank NA                   | 4/11/12         | (314)                                  |
| USD                | 161,611   | GBP           | 103,000   | Royal Bank of<br>Scotland Plc | 4/11/12         | (2,205)                                |

See Notes to Consolidated Financial Statements.



## Consolidated Schedule of Investments (continued)

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

Foreign currency exchange contracts as of February 29, 2012 were as follows (concluded):

| Currency Purchased |            | Currency Sold |            | Counterparty               | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|------------|---------------|------------|----------------------------|-----------------|----------------------------------------|
| USD                | 3,482,797  | GBP           | 2,272,000  | UBS AG                     | 4/11/12         | \$ (130,701)                           |
| EUR                | 340,000    | USD           | 457,753    | Deutsche Bank AG           | 4/18/12         | (4,682)                                |
| USD                | 17,846,201 | EUR           | 13,893,500 | Citibank NA                | 4/18/12         | (667,732)                              |
| USD                | 218,178    | EUR           | 166,000    | Citibank NA                | 4/18/12         | (3,028)                                |
| USD                | 384,655    | EUR           | 290,000    | Citibank NA                | 4/18/12         | (1,788)                                |
| USD                | 129,685    | EUR           | 98,000     | Citibank NA                | 4/18/12         | (906)                                  |
| USD                | 72,929     | EUR           | 55,000     | Deutsche Bank AG           | 4/18/12         | (362)                                  |
| USD                | 1,068,183  | EUR           | 820,000    | Royal Bank of Scotland Plc | 4/18/12         | (24,517)                               |
| USD                | 103,252    | EUR           | 79,000     | Royal Bank of Scotland Plc | 4/18/12         | (2,020)                                |
| USD                | 435,068    | EUR           | 328,000    | Royal Bank of Scotland Plc | 4/18/12         | (2,012)                                |
| USD                | 338,181    | EUR           | 256,000    | UBS AG                     | 4/18/12         | (2,955)                                |
| <b>Total</b>       |            |               |            |                            |                 | \$ (931,008)                           |

Credit default swaps on single-name issues buy protection outstanding as of February 29, 2012 were as follows:

| Issuer                    | Pay Fixed Rate | Counterparty                | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|---------------------------|----------------|-----------------------------|-----------------|-----------------------|----------------------------------------|
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 105                | \$ (5,844)                             |
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 85                 | (5,535)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 170                | (8,880)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AG            | 6/20/15         | \$ 90                 | (2,552)                                |
| MGM Resorts International | 5.00%          | Deutsche Bank AGI           | 6/20/15         | \$ 90                 | (3,218)                                |
| Republic of Hungary       | 1.00%          | Deutsche Bank AG            | 12/20/15        | \$ 300                | 15,974                                 |
| Realogy Corp.             | 5.00%          | Goldman Sachs International | 9/20/16         | \$ 150                | (17,332)                               |
| iStar Financial, Inc.     | 5.00%          | Deutsche Bank AG            | 12/20/16        | \$ 225                | (23,083)                               |
| Israel (State of)         | 1.00%          | Deutsche Bank AG            | 3/20/17         | \$ 225                | (2,339)                                |
| Israel Government Bond    | 1.00%          | Deutsche Bank AG            | 3/20/17         | \$ 675                | (7,485)                                |
| <b>Total</b>              |                |                             |                 |                       | \$ (60,294)                            |

Credit default swaps on single-name issues sold protection outstanding as of February 29, 2012 were as follows:

Issuer Counterparty

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|                       | Receive<br>Fixed<br>Rate |                             | Expiration<br>Date | Issuer<br>Credit<br>Rating <sup>1</sup> | Notional<br>Amount<br>(000) <sup>2</sup> | Unrealized<br>Appreciation<br>(Depreciation) |
|-----------------------|--------------------------|-----------------------------|--------------------|-----------------------------------------|------------------------------------------|----------------------------------------------|
| Air Lease Corporation | 5.00%                    | Goldman Sachs International | 2/14/13            | NR                                      | \$ 500                                   | \$ 690                                       |
| CIT Group, Inc.       | 5.00%                    | Deutsche Bank AG            | 9/20/15            | BB                                      | \$ 3,400                                 | 227,066                                      |
| Aramark Corp.         | 5.00%                    | Goldman Sachs International | 3/20/16            | B                                       | \$ 500                                   | 26,496                                       |

Credit default swaps on single-name issues sold protection outstanding as of February 29, 2012 were as follows (concluded):

| Issuer                           | Receive<br>Fixed<br>Rate | Counterparty                       | Expiration<br>Date | Issuer<br>Credit<br>Rating <sup>1</sup> | Notional<br>Amount<br>(000) <sup>2</sup> | Unrealized<br>Appreciation<br>(Depreciation) |
|----------------------------------|--------------------------|------------------------------------|--------------------|-----------------------------------------|------------------------------------------|----------------------------------------------|
| Aramark Corp.                    | 5.00%                    | Goldman Sachs International        | 6/20/16            | B                                       | \$ 300                                   | \$ 14,272                                    |
| Aramark Corp.                    | 5.00%                    | Goldman Sachs International        | 6/20/16            | B                                       | \$ 300                                   | 16,159                                       |
| Aramark Corp.                    | 5.00%                    | Credit Suisse Securities (USA) LLC | 9/20/16            | B                                       | \$ 125                                   | 10,126                                       |
| Aramark Corp.                    | 5.00%                    | Goldman Sachs International        | 9/20/16            | B                                       | \$ 350                                   | 15,806                                       |
| Aramark Corp.                    | 5.00%                    | Goldman Sachs International        | 9/20/16            | B                                       | \$ 125                                   | 9,663                                        |
| Bausch & Lomb Incorporated       | 5.00%                    | Credit Suisse Securities (USA) LLC | 3/20/17            | B                                       | \$ 105                                   | 5,257                                        |
| Aramark Corp.                    | 5.00%                    | Deutsche Bank AG                   | 3/20/17            | B                                       | \$ 200                                   | 4,307                                        |
| Crown Castle International Corp. | 7.25%                    | Deutsche Bank AG                   | 3/20/17            | B                                       | \$ 470                                   | 10,194                                       |
| Ford Motor Company               | 5.00%                    | Deutsche Bank AG                   | 3/20/17            | BB+                                     | \$ 1,500                                 | 90,306                                       |
| CCO Holding LLC                  | 8.00%                    | Deutsche Bank AG                   | 9/20/17            | BB                                      | \$ 1,600                                 | (89)                                         |
| <b>Total</b>                     |                          |                                    |                    |                                         |                                          | \$ 430,253                                   |

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

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

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

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

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

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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 and derivative financial instruments)

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (concluded)

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

The following tables summarize the inputs used as of February 29, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs             | Level 1       | Level 2        | Level 3       | Total          |
|------------------------------|---------------|----------------|---------------|----------------|
| <b>Assets:</b>               |               |                |               |                |
| Investments:                 |               |                |               |                |
| Long-Term Investments:       |               |                |               |                |
| Common Stocks                | \$ 9,825,707  | \$ 8,000,927   | \$ 4,322,217  | \$ 22,148,851  |
| Corporate Bonds              |               | 276,971,213    | 4,458,734     | 281,429,947    |
| Floating Rate Loan interests |               | 45,735,558     | 9,295,244     | 55,030,802     |
| Other Interests              | 94            |                | 4,642         | 4,736          |
| Preferred Stocks             | 2,628,777     | 5,964,932      | 352,582       | 8,946,291      |
| Warrants                     |               | 345,305        | 1             | 345,306        |
| <b>Total</b>                 | \$ 12,454,578 | \$ 337,017,935 | \$ 18,433,420 | \$ 367,905,933 |

| Valuation Inputs                                    | Level 1     | Level 2      | Level 3    | Total        |
|-----------------------------------------------------|-------------|--------------|------------|--------------|
| <b>Derivative Financial Instruments<sup>1</sup></b> |             |              |            |              |
| <b>Assets:</b>                                      |             |              |            |              |
| Equity contracts                                    | \$ 202,560  |              |            | \$ 202,560   |
| Credit contracts                                    |             | \$ 208,366   | \$ 237,950 | 446,316      |
| Foreign currency exchange contracts                 |             | 3,328        |            | 3,328        |
| <b>Liabilities:</b>                                 |             |              |            |              |
| Equity contracts                                    | (275,358)   |              |            | (275,358)    |
| Credit contracts                                    |             | (76,268)     | (89)       | (76,357)     |
| Foreign currency exchange contracts                 |             | (934,336)    |            | (934,336)    |
| <b>Total</b>                                        | \$ (72,798) | \$ (798,910) | \$ 237,861 | \$ (633,847) |

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

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

|                                                                 | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Preferred Stocks | Warrants | Unfunded Loan Commitments (Liabilities) | Total         |
|-----------------------------------------------------------------|---------------|-----------------|------------------------------|-----------------|------------------|----------|-----------------------------------------|---------------|
| <b>Assets/Liabilities:</b>                                      |               |                 |                              |                 |                  |          |                                         |               |
| Balance, as of February 28, 2011                                | \$ 719,326    | \$ 5,493,390    | \$ 10,323,930                | \$ 12,664       | \$ 463,230       | \$ 234   | \$ (25,965)                             | \$ 16,986,809 |
| Accrued discounts/premiums                                      |               | 7,336           | 126,960                      |                 |                  |          |                                         | 134,296       |
| Net realized gain (loss)                                        | 5,352         | (2,167,542)     | 43,209                       |                 |                  |          |                                         | (2,118,981)   |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | (2,700,184)   | 2,811,381       | 171,382                      | (8,022)         | (110,648)        | (233)    | 25,965                                  | 189,641       |

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|                                         |                     |                     |                     |                 |                   |             |                      |
|-----------------------------------------|---------------------|---------------------|---------------------|-----------------|-------------------|-------------|----------------------|
| Purchases                               | 6,560,740           | 678,913             | 1,832,811           |                 |                   |             | 9,072,464            |
| Sales                                   | (264,771)           | (2,364,744)         | (3,175,711)         |                 |                   |             | (5,805,226)          |
| Transfers in <sup>6</sup>               | 1,754               |                     | 895,163             |                 |                   |             | 896,917              |
| Transfers out <sup>6</sup>              |                     |                     | (922,500)           |                 |                   |             | (922,500)            |
| <b>Balance, as of February 29, 2012</b> | <b>\$ 4,322,217</b> | <b>\$ 4,458,734</b> | <b>\$ 9,295,244</b> | <b>\$ 4,642</b> | <b>\$ 352,582</b> | <b>\$ 1</b> | <b>\$ 18,433,420</b> |

<sup>2</sup> Included in the related change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on securities still held on February 29, 2012 was \$(3,848,775).

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

|                                                                 | <b>Credit<br/>Contracts</b> |
|-----------------------------------------------------------------|-----------------------------|
| <b>Assets/Liabilities:</b>                                      |                             |
| Balance, as of February 28, 2011                                |                             |
| Accrued discounts/premiums                                      | \$ (31,474)                 |
| Net realized gain (loss)                                        |                             |
| Net change in unrealized appreciation/depreciation <sup>3</sup> | 237,861                     |
| Issuances <sup>4</sup>                                          | 291,778                     |
| Purchases                                                       |                             |
| Sales                                                           |                             |
| Settlements <sup>5</sup>                                        | (260,304)                   |
| Transfers in <sup>6</sup>                                       |                             |
| Transfers out <sup>6</sup>                                      |                             |
| <b>Balance, as of February 29, 2012</b>                         | <b>\$ 237,861</b>           |

<sup>3</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/ depreciation on derivative financial instruments still held at February 29, 2012 was \$237,861.

<sup>4</sup> Issuances represent upfront cash received on certain derivative financial instruments.

<sup>5</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

<sup>6</sup> The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets.

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments February 29, 2012

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

|                                                                            | Par<br>(000) | Value            |
|----------------------------------------------------------------------------|--------------|------------------|
| <b>Asset-Backed Securities</b>                                             |              |                  |
| ARES CLO Funds, Series 2005-10A, Class B,<br>0.95%, 9/18/17 (a)(b)         | USD 1,250    | \$ 1,156,726     |
| Ballyrock CDO Ltd., Series 2006-1A, Class B,<br>0.84%, 8/28/19 (a)(b)      | 1,000        | 837,500          |
| Canaras Summit CLO Ltd., Series 2007-1A,<br>Class B, 1.04%, 6/19/21 (a)(b) | 1,225        | 1,041,605        |
| CSAM Funding, Series 2A, Class B1, 7.05%,<br>10/15/16                      | 625          | 628,938          |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2,<br>0.92%, 10/27/20 (b)    | 940          | 759,050          |
| Greyrock CDO Ltd., Series 2005-1X, Class A2L,<br>0.92%, 11/15/17 (b)       | 1,980        | 1,696,068        |
| Portola CLO Ltd., Series 2007-1X, Class B1,<br>1.95%, 11/15/21 (b)         | 1,245        | 1,067,587        |
| T2 Income Fund CLO Ltd., Series 2007-1A,<br>Class B, 1.17%, 7/15/19 (a)(b) | 1,075        | 932,294          |
| <b>Total Asset-Backed Securities 1.8%</b>                                  |              | <b>8,119,768</b> |
| <b>Common Stocks (c)</b>                                                   |              |                  |
| <b>Chemicals 0.0%</b>                                                      |              |                  |
| GEO Specialty Chemicals, Inc.                                              | 339,340      | 156,097          |
| <b>Containers &amp; Packaging 0.1%</b>                                     |              |                  |
| Smurfit Kappa Plc                                                          | 36,342       | 368,968          |
| <b>Diversified Financial Services 1.0%</b>                                 |              |                  |
| Kcad Holdings I Ltd.                                                       | 500,743,397  | 4,584,306        |
| Preferred Term Securities VI Ltd. (a)                                      | 35,000       | 1,750            |
|                                                                            |              | 4,586,056        |
| <b>Electrical Equipment 0.0%</b>                                           |              |                  |
| Medis Technologies Ltd.                                                    | 286,757      | 1,434            |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>                              |              |                  |
| Buffets Restaurants Holdings, Inc.                                         | 2,753        | 275              |
| HRP PIK Corp., Class B (a)                                                 | 5,000        | 275              |
| <b>Metals &amp; Mining 0.2%</b>                                            |              |                  |
| Euramax International                                                      | 2,337        | 677,817          |
| <b>Paper &amp; Forest Products 0.5%</b>                                    |              |                  |
| Ainsworth Lumber Co. Ltd. (a)                                              | 1,264,850    | 1,994,205        |
| Western Forest Products, Inc. (a)                                          | 211,149      | 204,864          |
|                                                                            |              | 2,199,069        |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.0%</b>               |              |                  |
| SunPower Corp.                                                             | 1,707        | 12,854           |
| <b>Software 0.0%</b>                                                       |              |                  |
| Bankruptcy Management Solutions, Inc.                                      | 1,870        | 37               |
| HMH Holdings/EduMedia                                                      | 159,199      | 39,800           |
|                                                                            |              | 39,837           |
| <b>Specialty Retail 0.0%</b>                                               |              |                  |
| Movie Gallery, Inc.                                                        | 503,737      | 5                |
| <b>Total Common Stocks 1.8%</b>                                            |              | <b>8,042,412</b> |

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|                                                                                 |     | Par<br>(000) | Value        |
|---------------------------------------------------------------------------------|-----|--------------|--------------|
| <b>Corporate Bonds</b>                                                          |     |              |              |
| <b>Aerospace &amp; Defense 1.0%</b>                                             |     |              |              |
| Bombardier, Inc., 7.75%, 3/15/20 (a)                                            | USD | 1,750        | \$ 2,030,000 |
| Huntington Ingalls Industries, Inc., 7.13%, 3/15/21                             |     | 810          | 867,712      |
| Kratos Defense & Security Solutions, Inc., 10.00%,<br>6/01/17                   |     | 1,364        | 1,469,710    |
|                                                                                 |     |              | 4,367,422    |
| <b>Airlines 0.4%</b>                                                            |     |              |              |
| American Airlines Pass-Through Trust, Series 2011-2,<br>Class A, 8.63%, 4/15/23 |     | 630          | 667,800      |
| Delta Air Lines, Inc., Series 2009-1-B, 9.75%,<br>6/17/18                       |     | 183          | 193,588      |
| United Air Lines, Inc., 12.75%, 7/15/12                                         |     | 786          | 813,162      |
|                                                                                 |     |              | 1,674,550    |
| <b>Auto Components 1.7%</b>                                                     |     |              |              |
| Baker Corp. International, Inc., 8.25%, 6/01/19 (a)                             |     | 170          | 173,400      |
| Delphi Corp., 6.13%, 5/15/21 (a)                                                |     | 560          | 600,600      |
| Icahn Enterprises LP:<br>7.75%, 1/15/16                                         |     | 220          | 230,450      |
| 8.00%, 1/15/18                                                                  |     | 5,260        | 5,575,600    |
| 8.00%, 1/15/18 (a)                                                              |     | 100          | 106,000      |
| Titan International, Inc., 7.88%, 10/01/17                                      |     | 940          | 998,750      |
| Venture Holdings Co. LLC (c)(d):<br>12.00%, 7/01/49                             |     | 4,450        | 1            |
| Series B, 9.50%, 7/01/05                                                        |     | 1,800        |              |
|                                                                                 |     |              | 7,684,801    |
| <b>Beverages 0.3%</b>                                                           |     |              |              |
| Crown European Holdings SA:<br>7.13%, 8/15/18 (a)                               | EUR | 410          | 585,163      |
| 7.13%, 8/15/18                                                                  |     | 412          | 588,017      |
|                                                                                 |     |              | 1,173,180    |
| <b>Biotechnology 0.0%</b>                                                       |     |              |              |
| QHP Pharma, 10.25%, 3/15/15 (a)                                                 | USD | 184          | 184,871      |
| <b>Building Products 0.4%</b>                                                   |     |              |              |
| Building Materials Corp. of America (a):<br>7.00%, 2/15/20                      |     | 940          | 1,019,900    |
| 6.75%, 5/01/21                                                                  |     | 640          | 696,000      |
|                                                                                 |     |              | 1,715,900    |
| <b>Capital Markets 1.0%</b>                                                     |     |              |              |
| American Capital Ltd., 7.96%, 12/31/13 (e)                                      |     | 1,175        | 1,196,785    |
| E*Trade Financial Corp.:<br>12.50%, 11/30/17                                    |     | 1,765        | 2,056,225    |
| 4.01%, 8/31/19 (a)(f)(g)                                                        |     | 593          | 561,126      |
| KKR Group Finance Co., 6.38%, 9/29/20 (a)                                       |     | 540          | 574,677      |
|                                                                                 |     |              | 4,388,813    |
| <b>Chemicals 3.7%</b>                                                           |     |              |              |
| American Pacific Corp., 9.00%, 2/01/15                                          |     | 1,490        | 1,452,750    |
| Celanese US Holdings LLC, 5.88%, 6/15/21                                        |     | 570          | 621,300      |
| GEO Specialty Chemicals, Inc. (a):<br>7.50%, 3/31/15 (g)(h)                     |     | 4,171        | 4,963,237    |
| 10.00%, 3/31/15                                                                 |     | 4,106        | 4,105,600    |
| Hexion U.S. Finance Corp., 9.00%, 11/15/20                                      |     | 670          | 656,600      |
| Huntsman International LLC, 8.63%, 3/15/21                                      |     | 275          | 310,750      |
| Ineos Finance Plc, 8.38%, 2/15/19 (a)                                           |     | 380          | 403,750      |
| Kinove German Bondco GmbH, 9.63%, 6/15/18 (a)                                   |     | 800          | 818,000      |
| Lyondell Chemical Co., 11.00%, 5/01/18                                          |     | 1,914        | 2,098,173    |
| LyondellBasell Industries NV, 6.00%, 11/15/21 (a)                               |     | 145          | 159,137      |
| Solutia, Inc., 7.88%, 3/15/20                                                   |     | 810          | 949,725      |
|                                                                                 |     |              | 16,539,022   |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                    | Par<br>(000) | Value      |
|----------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                             |              |            |
| <b>Commercial Banks 1.7%</b>                       |              |            |
| CIT Group, Inc.:                                   |              |            |
| 7.00%, 5/01/16                                     | USD 551      | \$ 551,195 |
| 7.00%, 5/02/16 (a)                                 | 1,940        | 1,942,425  |
| 7.00%, 5/01/17                                     | 3,514        | 3,514,000  |
| 7.00%, 5/02/17 (a)                                 | 710          | 710,888    |
| 5.50%, 2/15/19 (a)                                 | 980          | 1,000,825  |
|                                                    |              | 7,719,333  |
| <b>Commercial Services &amp; Supplies 1.3%</b>     |              |            |
| ARAMARK Corp., 8.50%, 2/01/15                      | 690          | 708,119    |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)    | 799          | 835,097    |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 55           | 52,250     |
| The Geo Group, Inc., 7.75%, 10/15/17               | 850          | 915,875    |
| Iron Mountain, Inc., 7.75%, 10/01/19               | 540          | 596,700    |
| Mobile Mini, Inc., 7.88%, 12/01/20                 | 640          | 672,000    |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (a)    | 970          | 1,125,200  |
| Verisure Holding AB:                               |              |            |
| 8.75%, 9/01/18                                     | EUR 400      | 538,249    |
| 8.75%, 12/01/18                                    | 149          | 176,676    |
| West Corp., 8.63%, 10/01/18                        | USD 315      | 345,713    |
|                                                    |              | 5,965,879  |
| <b>Communications Equipment 0.2%</b>               |              |            |
| Avaya, Inc., 9.75%, 11/01/15                       | 360          | 360,000    |
| Hughes Satellite Systems Corp., 6.50%, 6/15/19     | 600          | 636,000    |
|                                                    |              | 996,000    |
| <b>Consumer Finance 0.1%</b>                       |              |            |
| Ford Motor Credit Co. LLC:                         |              |            |
| 7.00%, 4/15/15                                     | 280          | 310,800    |
| 6.63%, 8/15/17                                     | 148          | 167,708    |
|                                                    |              | 478,508    |
| <b>Containers &amp; Packaging 2.0%</b>             |              |            |
| Ardagh Packaging Finance Plc:                      |              |            |
| 7.38%, 10/15/17 (a)                                | EUR 385      | 541,147    |
| 7.38%, 10/15/17                                    | 100          | 140,558    |
| Ball Corp.:                                        |              |            |
| 6.75%, 9/15/20                                     | USD 625      | 696,875    |
| 5.00%, 3/15/22 (i)                                 | 1,030        | 1,053,175  |
| Berry Plastics Corp.:                              |              |            |
| 4.42%, 9/15/14 (b)                                 | 495          | 473,962    |
| 8.25%, 11/15/15                                    | 655          | 704,125    |
| 9.75%, 1/15/21                                     | 440          | 470,800    |
| Beverage Packaging Holdings Luxembourg II SA,      |              |            |
| 8.00%, 12/15/16                                    | EUR 260      | 323,882    |
| Graphic Packaging International, Inc., 9.50%,      |              |            |
| 6/15/17                                            | USD 360      | 400,500    |
| Sealed Air Corp. (a):                              |              |            |
| 8.13%, 9/15/19                                     | 770          | 870,100    |
| 8.38%, 9/15/21                                     | 210          | 240,450    |
| Smurfit Kappa Acquisitions:                        |              |            |
| 7.75%, 11/15/19 (a)                                | EUR 476      | 683,323    |
| 7.75%, 11/15/19                                    | 1,515        | 2,174,862  |

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8,773,759

|                                       |             |     |       |           |
|---------------------------------------|-------------|-----|-------|-----------|
| <b>Diversified Financial Services</b> | <b>3.1%</b> |     |       |           |
| Ally Financial, Inc.:                 |             |     |       |           |
| 7.50%, 12/31/13                       |             | USD | 90    | 95,850    |
| 8.30%, 2/12/15                        |             |     | 1,330 | 1,469,650 |
| 7.50%, 9/15/20                        |             |     | 1,990 | 2,191,487 |
| 8.00%, 11/01/31                       |             |     | 2,100 | 2,344,125 |
| 8.00%, 11/01/31                       |             |     | 1,030 | 1,117,607 |

|                                                       |  |     | <b>Par<br/>(000)</b> | <b>Value</b> |
|-------------------------------------------------------|--|-----|----------------------|--------------|
| <b>Corporate Bonds</b>                                |  |     |                      |              |
| <b>Diversified Financial Services (concluded)</b>     |  |     |                      |              |
| Archemedes Funding III Ltd., 5.50%, 11/29/12          |  | USD | 1,749                | \$ 175       |
| Axcan Intermediate Holdings, Inc., 12.75%,<br>3/01/16 |  |     | 567                  | 604,564      |
| Reynolds Group Issuer, Inc.:                          |  |     |                      |              |
| 8.75%, 10/15/16 (a)                                   |  |     | 548                  | 583,620      |
| 8.75%, 10/15/16 (a)(j)                                |  | EUR | 548                  | 775,731      |
| 8.75%, 10/15/16                                       |  |     | 723                  | 1,023,456    |
| 7.13%, 4/15/19 (a)                                    |  | USD | 1,070                | 1,131,525    |
| 9.88%, 8/15/19 (a)                                    |  |     | 1,280                | 1,323,200    |
| 6.88%, 2/15/21 (a)                                    |  |     | 920                  | 975,200      |
| WMG Acquisition Corp., 9.50%, 6/15/16 (a)             |  |     | 200                  | 221,000      |
|                                                       |  |     |                      | 13,857,190   |

|                                                                       |             |  |       |           |
|-----------------------------------------------------------------------|-------------|--|-------|-----------|
| <b>Diversified Telecommunication Services</b>                         | <b>1.6%</b> |  |       |           |
| ITC Deltacom, Inc., 10.50%, 4/01/16                                   |             |  |       |           |
|                                                                       |             |  | 1,010 | 1,052,925 |
| Level 3 Financing, Inc.:                                              |             |  |       |           |
| 4.51%, 2/15/15 (b)                                                    |             |  | 2,420 | 2,347,400 |
| 8.13%, 7/01/19 (a)                                                    |             |  | 2,902 | 3,039,845 |
| Qwest Communications International, Inc.,<br>Series B, 7.50%, 2/15/14 |             |  |       |           |
|                                                                       |             |  | 340   | 341,190   |
| TW Telecom Holdings, Inc., 8.00%, 3/01/18                             |             |  | 380   | 416,575   |
|                                                                       |             |  |       | 7,197,935 |

|                                              |             |  |     |         |
|----------------------------------------------|-------------|--|-----|---------|
| <b>Electric Utilities</b>                    | <b>0.2%</b> |  |     |         |
| IPALCO Enterprises, Inc., 7.25%, 4/01/16 (a) |             |  | 775 | 860,250 |

|                                                               |             |  |       |  |
|---------------------------------------------------------------|-------------|--|-------|--|
| <b>Electronic Equipment, Instruments &amp;<br/>Components</b> | <b>0.0%</b> |  |       |  |
| Muzak Holdings, LLC, 13.00%, 3/15/10 (c)(d)                   |             |  | 2,675 |  |

|                                                |             |  |       |           |
|------------------------------------------------|-------------|--|-------|-----------|
| <b>Energy Equipment &amp; Services</b>         | <b>1.7%</b> |  |       |           |
| Calfrac Holdings LP, 7.50%, 12/01/20 (a)       |             |  | 1,125 | 1,125,000 |
| Frac Tech Services LLC, 7.63%, 11/15/18 (a)    |             |  | 1,190 | 1,270,325 |
| Key Energy Services, Inc., 6.75%, 3/01/21      |             |  | 740   | 775,150   |
| MEG Energy Corp., 6.50%, 3/15/21 (a)           |             |  | 950   | 1,016,500 |
| Oil States International, Inc., 6.50%, 6/01/19 |             |  | 295   | 317,125   |
| Peabody Energy Corp., 6.25%, 11/15/21 (a)      |             |  | 3,025 | 3,168,687 |
|                                                |             |  |       | 7,672,787 |

|                                             |             |  |     |         |
|---------------------------------------------|-------------|--|-----|---------|
| <b>Gas Utilities</b>                        | <b>0.1%</b> |  |     |         |
| Targa Resources Partners LP, 6.88%, 2/01/21 |             |  | 485 | 517,738 |

|                                                                   |             |  |       |           |
|-------------------------------------------------------------------|-------------|--|-------|-----------|
| <b>Health Care Equipment &amp; Supplies</b>                       | <b>0.7%</b> |  |       |           |
| DJO Finance LLC:                                                  |             |  |       |           |
| 10.88%, 11/15/14                                                  |             |  | 1,270 | 1,292,225 |
| 7.75%, 4/15/18                                                    |             |  | 770   | 662,200   |
| Fresenius Medical Care US Finance II, Inc.,<br>5.88%, 1/31/22 (a) |             |  |       |           |
|                                                                   |             |  | 640   | 675,200   |
| Teleflex, Inc., 6.88%, 6/01/19                                    |             |  | 475   | 511,812   |
|                                                                   |             |  |       | 3,141,437 |

|                                               |             |     |       |           |
|-----------------------------------------------|-------------|-----|-------|-----------|
| <b>Health Care Providers &amp; Services</b>   | <b>2.4%</b> |     |       |           |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 |             |     |       |           |
|                                               |             |     | 455   | 465,237   |
| Crown Newco 3 Plc, 7.00%, 2/15/18 (a)         |             | GBP | 108   | 169,455   |
| HCA, Inc.:                                    |             |     |       |           |
| 6.50%, 2/15/20                                |             | USD | 2,020 | 2,166,450 |

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|                                        |       |            |
|----------------------------------------|-------|------------|
| 7.88%, 2/15/20                         | 1,210 | 1,334,025  |
| 5.88%, 3/15/22                         | 2,380 | 2,439,500  |
| Omnicare, Inc., 7.75%, 6/01/20         | 1,785 | 1,988,044  |
| Tenet Healthcare Corp., 8.88%, 7/01/19 | 2,030 | 2,314,200  |
|                                        |       | 10,876,911 |
| <b>Health Care Technology 0.9%</b>     |       |            |
| IMS Health, Inc., 12.50%, 3/01/18 (a)  | 3,205 | 3,813,950  |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                   | Par<br>(000) | Value      |
|-------------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                            |              |            |
| <b>Hotels, Restaurants &amp; Leisure 1.7%</b>                     |              |            |
| Caesars Operating Escrow, LLC., 8.50%,<br>2/15/20 (a)             | USD 915      | \$ 933,300 |
| Diamond Resorts Corp., 12.00%, 8/15/18                            | 1,040        | 1,097,200  |
| HRP Myrtle Beach Holdings LLC, 14.50%,<br>4/01/14 (a)(c)(d)       | 6,892        | 1          |
| HRP Myrtle Beach Operations LLC (a)(c)(d):                        |              |            |
| 0.00%, 4/01/12                                                    | 5,000        | 1          |
| 12.50%, 4/01/13                                                   | 5,000        | 1          |
| Little Traverse Bay Bands of Odawa Indians,<br>9.00%, 8/31/20 (a) | 609          | 535,920    |
| MGM Resorts International, 11.13%, 11/15/17                       | 3,440        | 3,912,999  |
| Travelport LLC:                                                   |              |            |
| 5.15%, 9/01/14 (b)                                                | 1,770        | 907,125    |
| 9.88%, 9/01/14 (a)                                                | 390          | 223,275    |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (c)(d) | 530          |            |
|                                                                   |              | 7,609,822  |
| <b>Household Durables 0.6%</b>                                    |              |            |
| Beazer Homes USA, Inc., 12.00%, 10/15/17                          | 1,700        | 1,853,000  |
| Standard Pacific Corp., 8.38%, 1/15/21                            | 605          | 642,813    |
|                                                                   |              | 2,495,813  |
| <b>Independent Power Producers &amp;<br/>Energy Traders 3.1%</b>  |              |            |
| AES Corp.:                                                        |              |            |
| 7.75%, 10/15/15                                                   | 300          | 339,000    |
| 9.75%, 4/15/16                                                    | 1,305        | 1,552,950  |
| 7.38%, 7/01/21 (a)                                                | 310          | 353,400    |
| Calpine Corp. (a):                                                |              |            |
| 7.25%, 10/15/17                                                   | 1,770        | 1,876,200  |
| 7.50%, 2/15/21                                                    | 365          | 396,025    |
| Energy Future Holdings Corp., 10.00%, 1/15/20                     | 2,990        | 3,232,937  |
| Energy Future Intermediate Holding Co. LLC:                       |              |            |
| 10.00%, 12/01/20                                                  | 3,200        | 3,476,000  |
| 11.75%, 3/01/22 (a)                                               | 1,060        | 1,086,500  |
| Laredo Petroleum, Inc., 9.50%, 2/15/19                            | 1,080        | 1,190,700  |
| QEP Resources, Inc., 5.38%, 10/01/22                              | 335          | 338,350    |
|                                                                   |              | 13,842,062 |
| <b>Industrial Conglomerates 1.6%</b>                              |              |            |
| Sequa Corp. (a):                                                  |              |            |
| 11.75%, 12/01/15                                                  | 2,850        | 3,028,125  |
| 13.50%, 12/01/15                                                  | 4,023        | 4,294,387  |
|                                                                   |              | 7,322,512  |
| <b>Insurance 0.7%</b>                                             |              |            |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a)                     | 1,649        | 1,774,736  |
| Genworth Financial, Inc., 7.63%, 9/24/21                          | 700          | 726,267    |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)                 | 415          | 370,388    |
|                                                                   |              | 2,871,391  |
| <b>IT Services 0.4%</b>                                           |              |            |
| Eagle Parent Canada, Inc., 8.63%, 5/01/19 (a)                     | 720          | 745,200    |
| First Data Corp. (a):                                             |              |            |

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|                                               |     |           |
|-----------------------------------------------|-----|-----------|
| 7.38%, 6/15/19                                | 190 | 192,138   |
| 8.25%, 1/15/21                                | 70  | 67,725    |
| 12.63%, 1/15/21                               | 814 | 854,700   |
|                                               |     | 1,859,763 |
| <b>Machinery 0.5%</b>                         |     |           |
| Navistar International Corp., 8.25%, 11/01/21 | 278 | 304,063   |
| UR Financing Escrow Corp. (a)(i):             |     |           |
| 5.75%, 7/15/18                                | 877 | 901,117   |
| 7.38%, 5/15/20                                | 565 | 579,831   |
| 7.63%, 4/15/22                                | 518 | 536,130   |
|                                               |     | 2,321,141 |

| Corporate Bonds                                           | Par<br>(000) | Value      |
|-----------------------------------------------------------|--------------|------------|
| <b>Media 6.9%</b>                                         |              |            |
| AMC Networks, Inc., 7.75%, 7/15/21 (a)                    | USD 365 \$   | 406,975    |
| CCH II LLC, 13.50%, 11/30/16                              | 3,000        | 3,450,000  |
| CCO Holdings LLC, 7.88%, 4/30/18                          | 1,075        | 1,174,438  |
| Checkout Holding Corp., 10.68%, 11/15/15 (a)(f)           | 1,090        | 490,500    |
| Cinemark USA, Inc., 8.63%, 6/15/19                        | 410          | 456,125    |
| Clear Channel Worldwide Holdings, Inc.:                   |              |            |
| 9.25%, 12/15/17                                           | 639          | 699,705    |
| 7.63%, 3/15/20 (a)(i)                                     | 1,405        | 1,405,000  |
| Series B, 9.25%, 12/15/17                                 | 5,802        | 6,382,200  |
| CSC Holdings LLC, 8.50%, 4/15/14                          | 680          | 754,800    |
| DISH DBS Corp.:                                           |              |            |
| 7.00%, 10/01/13                                           | 3,000        | 3,221,250  |
| 6.75%, 6/01/21                                            | 370          | 410,700    |
| Intelsat Luxembourg SA:                                   |              |            |
| 11.25%, 6/15/16                                           | 310          | 327,825    |
| 11.50%, 2/04/17 (h)                                       | 190          | 195,700    |
| Interactive Data Corp., 10.25%, 8/01/18                   | 1,545        | 1,741,987  |
| Kabel BW Erste Beteiligungs GmbH, 7.50%,<br>3/15/19 (a)   | 1,040        | 1,123,200  |
| Lamar Media Corp., 5.88%, 2/01/22 (a)                     | 480          | 501,000    |
| NAI Entertainment Holdings LLC, 8.25%,<br>12/15/17 (a)    | 1,020        | 1,122,000  |
| Nielsen Finance LLC:                                      |              |            |
| 11.63%, 2/01/14                                           | 1,239        | 1,440,337  |
| 7.75%, 10/15/18                                           | 1,235        | 1,373,938  |
| ProQuest LLC, 9.00%, 10/15/18 (a)                         | 415          | 367,275    |
| Unitymedia Hessen GmbH & Co. KG, 8.13%,<br>12/01/17 (a)   | 2,730        | 2,962,050  |
| Ziggo Finance BV, 6.13%, 11/15/17 (a)                     | EUR 598      | 826,592    |
|                                                           |              | 30,833,597 |
| <b>Metals &amp; Mining 0.9%</b>                           |              |            |
| Novelis, Inc., 8.75%, 12/15/20                            | USD 3,625    | 4,041,875  |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(d)                  | 4,440        |            |
|                                                           |              | 4,041,875  |
| <b>Multiline Retail 0.4%</b>                              |              |            |
| Dollar General Corp., 11.88%, 7/15/17 (h)                 | 1,775        | 1,948,080  |
| <b>Oil, Gas &amp; Consumable Fuels 7.0%</b>               |              |            |
| Arch Coal, Inc., 7.00%, 6/15/19 (a)                       | 215          | 215,000    |
| Chesapeake Midstream Partners LP, 6.13%,<br>7/15/22 (a)   | 785          | 812,475    |
| Chesapeake Oilfield Operating LLC, 6.63%,<br>11/15/19 (a) | 25           | 25,500     |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)             | 436          | 466,520    |
| Consol Energy, Inc.:                                      |              |            |
| 8.25%, 4/01/20                                            | 1,750        | 1,907,500  |
| 6.38%, 3/01/21 (a)                                        | 440          | 443,300    |

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|                                                 |       |           |
|-------------------------------------------------|-------|-----------|
| Crosstex Energy LP, 8.88%, 2/15/18              | 100   | 108,500   |
| Denbury Resources, Inc.:                        |       |           |
| 8.25%, 2/15/20                                  | 670   | 763,800   |
| 6.38%, 8/15/21                                  | 570   | 628,425   |
| El Paso Corp., 7.00%, 6/15/17                   | 1,575 | 1,759,966 |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19     | 1,300 | 1,371,500 |
| Forest Oil Corp., 8.50%, 2/15/14                | 195   | 211,575   |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a)         | 2,100 | 2,289,000 |
| Holly Energy Partners LP, 6.50%, 3/01/20 (a)(i) | 150   | 153,188   |
| Linn Energy LLC:                                |       |           |
| 6.25%, 11/01/19 (a)                             | 1,960 | 1,957,550 |
| 8.63%, 4/15/20                                  | 360   | 399,600   |
| 7.75%, 2/01/21                                  | 930   | 999,750   |
| Niska Gas Storage US LLC, 8.88%, 3/15/18        | 585   | 561,600   |
| Oasis Petroleum, Inc.:                          |       |           |
| 7.25%, 2/01/19                                  | 335   | 355,100   |
| 6.50%, 11/01/21                                 | 290   | 298,700   |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                               | Par<br>(000) | Value        |
|---------------------------------------------------------------|--------------|--------------|
| <b>Corporate Bonds</b>                                        |              |              |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>            |              |              |
| OGX Petroleo e Gas Participações SA, 8.50%,<br>6/01/18 (a)    | USD 4,930    | \$ 5,139,525 |
| PetroBakken Energy Ltd., 8.63%, 2/01/20 (a)                   | 655          | 695,937      |
| Petrohawk Energy Corp.:<br>10.50%, 8/01/14                    | 590          | 655,637      |
| 7.88%, 6/01/15                                                | 795          | 839,719      |
| 7.25%, 8/15/18                                                | 525          | 600,469      |
| Pioneer Natural Resources Co., 7.20%, 1/15/28                 | 1,080        | 1,340,427    |
| Plains Exploration & Production Co., 6.75%,<br>2/01/22        | 1,200        | 1,314,000    |
| Precision Drilling Corp., 6.50%, 12/15/21 (a)                 | 840          | 896,700      |
| Range Resources Corp.:<br>5.75%, 6/01/21                      | 1,230        | 1,316,100    |
| 5.00%, 8/15/22 (i)                                            | 547          | 552,470      |
| Ruby Pipeline LLC, 6.00%, 4/01/22 (a)                         | 630          | 628,737      |
| SandRidge Energy, Inc., 7.50%, 3/15/21                        | 405          | 409,050      |
| Titan Petrochemicals Group Ltd., 8.50%,<br>3/18/12 (a)        | 1,760        | 880,000      |
|                                                               |              | 30,997,320   |
| <b>Paper &amp; Forest Products 1.3%</b>                       |              |              |
| Clearwater Paper Corp., 10.63%, 6/15/16                       | 640          | 727,200      |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a)                       | 1,950        | 2,160,263    |
| Longview Fibre Paper & Packaging, Inc., 8.00%,<br>6/01/16 (a) | 280          | 287,700      |
| NewPage Corp., 11.38%, 12/31/14 (c)(d)                        | 2,280        | 1,373,700    |
| Verso Paper Holdings LLC:<br>11.50%, 7/01/14                  | 510          | 520,200      |
| Series B, 4.30%, 8/01/14 (b)                                  | 890          | 616,325      |
|                                                               |              | 5,685,388    |
| <b>Pharmaceuticals 0.4%</b>                                   |              |              |
| Valeant Pharmaceuticals International (a):<br>6.50%, 7/15/16  | 1,190        | 1,213,800    |
| 7.25%, 7/15/22                                                | 660          | 664,125      |
|                                                               |              | 1,877,925    |
| <b>Real Estate Investment Trusts (REITs) 0.4%</b>             |              |              |
| Felcor Lodging LP, 6.75%, 6/01/19                             | 1,825        | 1,866,063    |
| <b>Real Estate Management &amp; Development 1.1%</b>          |              |              |
| Realogy Corp.:<br>11.50%, 4/15/17                             | 275          | 251,625      |
| 12.00%, 4/15/17                                               | 160          | 147,200      |
| 7.88%, 2/15/19 (a)                                            | 2,030        | 1,969,100    |
| 7.63%, 1/15/20 (a)                                            | 1,190        | 1,228,675    |
| 9.00%, 1/15/20 (a)                                            | 340          | 341,700      |
| Shea Homes LP, 8.63%, 5/15/19 (a)                             | 830          | 838,300      |
|                                                               |              | 4,776,600    |
| <b>Road &amp; Rail 1.2%</b>                                   |              |              |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19                    | 295          | 307,538      |
| Florida East Coast Railway Corp., 8.13%, 2/01/17              | 370          | 373,700      |
| The Hertz Corp.:<br>7.50%, 10/15/18                           | 1,750        | 1,887,812    |

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|                                                                                            |     |              |    |              |
|--------------------------------------------------------------------------------------------|-----|--------------|----|--------------|
| 6.75%, 4/15/19                                                                             |     | 730          |    | 764,675      |
| 6.75%, 4/15/19 (a)(i)                                                                      |     | 285          |    | 298,538      |
| 7.38%, 1/15/21                                                                             |     | 1,535        |    | 1,661,637    |
|                                                                                            |     |              |    | 5,293,900    |
| <b>Specialty Retail 0.3%</b>                                                               |     |              |    |              |
| United Auto Group, Inc., 7.75%, 12/15/16                                                   |     | 1,275        |    | 1,329,200    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b>                                           |     |              |    |              |
| PVH Corp., 7.75%, 11/15/23                                                                 |     | 410          |    | 467,921      |
| <b>Transportation Infrastructure 0.1%</b>                                                  |     |              |    |              |
| Aguila 3 SA, 7.88%, 1/31/18 (a)                                                            |     | 353          |    | 371,091      |
|                                                                                            |     |              |    |              |
| <b>Corporate Bonds</b>                                                                     |     |              |    |              |
|                                                                                            |     | <b>Par</b>   |    | <b>Value</b> |
|                                                                                            |     | <b>(000)</b> |    |              |
| <b>Wireless Telecommunication Services 3.5%</b>                                            |     |              |    |              |
| Cricket Communications, Inc., 7.75%, 5/15/16                                               | USD | 3,050        | \$ | 3,248,250    |
| Digicel Group Ltd. (a):                                                                    |     |              |    |              |
| 9.13%, 1/15/15                                                                             |     | 3,948        |    | 4,026,960    |
| 8.25%, 9/01/17                                                                             |     | 810          |    | 858,600      |
| Sprint Capital Corp., 6.88%, 11/15/28                                                      |     | 1,850        |    | 1,443,000    |
| Sprint Nextel Corp. (a):                                                                   |     |              |    |              |
| 9.00%, 11/15/18                                                                            |     | 4,410        |    | 4,917,150    |
| 7.00%, 3/01/20                                                                             |     | 1,110        |    | 1,128,037    |
|                                                                                            |     |              |    | 15,621,997   |
| <b>Total Corporate Bonds 56.7%</b>                                                         |     |              |    | 253,033,697  |
|                                                                                            |     |              |    |              |
| <b>Floating Rate Loan Interests (b)</b>                                                    |     |              |    |              |
| <b>Aerospace &amp; Defense 0.5%</b>                                                        |     |              |    |              |
| TransDigm, Inc.:                                                                           |     |              |    |              |
| Add on Term Loan B2, 4.00%, 2/14/17                                                        |     | 525          |    | 525,436      |
| Term Loan (First Lien), 4.00%, 2/14/17                                                     |     | 1,485        |    | 1,483,693    |
|                                                                                            |     |              |    | 2,009,129    |
| <b>Airlines 0.5%</b>                                                                       |     |              |    |              |
| Delta Air Lines, Inc., Credit New Term Loan B,<br>5.50%, 4/20/17                           |     | 2,091        |    | 2,041,267    |
| <b>Auto Components 1.5%</b>                                                                |     |              |    |              |
| Allison Transmission, Inc., Term Loan B, 2.75%,<br>8/07/14                                 |     | 2,443        |    | 2,415,352    |
| Autoparts Holdings Ltd.:                                                                   |     |              |    |              |
| First Lien Term Loan, 6.50%, 7/28/17                                                       |     | 1,397        |    | 1,399,991    |
| Second Lien Term Loan, 10.50%, 1/29/18                                                     |     | 1,800        |    | 1,750,500    |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                                                |     | 945          |    | 947,759      |
|                                                                                            |     |              |    | 6,513,602    |
| <b>Biotechnology 0.5%</b>                                                                  |     |              |    |              |
| Grifols SA, Term Loan B, 4.50%, 2/13/18                                                    |     | 2,400        |    | 2,397,138    |
| <b>Building Products 1.4%</b>                                                              |     |              |    |              |
| CPG International, Inc., Term Loan B, 6.00%,<br>2/18/17                                    |     | 1,188        |    | 1,122,660    |
| Goodman Global, Inc.:                                                                      |     |              |    |              |
| Initial Term Loan (First Lien), 5.75%, 10/28/16                                            |     | 3,025        |    | 3,039,911    |
| Term Loan (Second Lien), 9.00%, 10/30/17                                                   |     | 764          |    | 775,572      |
| Momentive Performance Materials, Inc. (Nautilus),<br>Extended Term Loan B2, 4.08%, 5/05/15 | EUR | 1,058        |    | 1,334,766    |
|                                                                                            |     |              |    | 6,272,909    |
| <b>Capital Markets 1.0%</b>                                                                |     |              |    |              |
| HarbourVest Partners, Term Loan (First Lien), 6.25%,<br>12/16/16                           | USD | 1,677        |    | 1,677,706    |
| Nuveen Investments, Inc.:                                                                  |     |              |    |              |
| Extended Term Loan, 5.75% 5.83%, 5/12/17                                                   |     | 1,682        |    | 1,677,007    |
| Incremental Term Loan, 7.25%, 5/13/17                                                      |     | 555          |    | 558,885      |
| Term Loan (First Lien), 3.30% 3.58%,<br>11/13/14                                           |     | 418          |    | 415,716      |



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4,329,314

**Chemicals 4.0%**

|                                                               |         |           |
|---------------------------------------------------------------|---------|-----------|
| American Rock Salt Holdings LLC, Term Loan,<br>5.50%, 4/25/17 | 2,253   | 2,093,667 |
| Ashland, Inc., Term Loan B, 3.75%, 8/23/18                    | 1,296   | 1,301,031 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16              | 1,300   | 1,304,069 |
| Gentek, Inc., Term Loan B, 5.00% 5.75%,<br>10/06/15           | 1,740   | 1,728,373 |
| MDI Holdings LLC, Tranche C Term Loan, 2.76%,<br>4/11/14      | EUR 642 | 832,891   |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                                                | Par<br>(000) | Value        |
|------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>                                                        |              |              |
| <b>Chemicals (concluded)</b>                                                                   |              |              |
| Nexeo Solutions LLC, Term Loan B, 5.00%,<br>9/08/17                                            | USD 1,613    | \$ 1,587,943 |
| PolyOne Corp., Term Loan, 5.00%, 12/20/17                                                      | 660          | 660,990      |
| PQ Corp. (FKA Niagara Acquisition, Inc.),<br>Term Loan B (First Lien), 3.50%, 7/30/14          | 2,451        | 2,390,958    |
| Styron Sarl, Term Loan B, 6.00% 6.75%,<br>8/02/17                                              | 1,796        | 1,619,330    |
| Tronox Worldwide LLC:                                                                          |              |              |
| Delayed Draw Term Loan, 1.00%, 2/09/18                                                         | 381          | 381,001      |
| Term Loan B, 4.25%, 2/08/18                                                                    | 1,399        | 1,397,005    |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17                                                      | 2,376        | 2,356,826    |
|                                                                                                |              | 17,654,084   |
| <b>Commercial Services &amp; Supplies 2.3%</b>                                                 |              |              |
| Altegrity, Inc. (FKA US Investigations Services, Inc.),<br>Tranche D Term Loan, 7.75%, 2/20/15 | 2,789        | 2,785,029    |
| ARAMARK Corp.:                                                                                 |              |              |
| Letter of Credit 2 Facility, 3.55%, 7/26/16                                                    | 56           | 55,824       |
| Term Loan B, 3.83%, 7/26/16                                                                    | 780          | 772,662      |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                   | 860          | 857,207      |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16                                             | 975          | 976,043      |
| KAR Auction Services, Inc., Term Loan B, 5.00%,<br>5/19/17                                     | 2,388        | 2,385,015    |
| Synagro Technologies, Inc., Term Loan B,<br>2.25% 2.26%, 4/02/14                               | 874          | 781,929      |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16                          | 1,778        | 1,784,912    |
|                                                                                                |              | 10,398,621   |
| <b>Communications Equipment 0.8%</b>                                                           |              |              |
| Avaya, Inc.:                                                                                   |              |              |
| Term Loan B1, 3.24%, 10/24/14                                                                  | 1,823        | 1,783,769    |
| Term Loan B3, 4.99%, 10/26/17                                                                  | 330          | 320,024      |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18                                                   | 1,489        | 1,488,065    |
|                                                                                                |              | 3,591,858    |
| <b>Construction &amp; Engineering 0.9%</b>                                                     |              |              |
| BakerCorp. International, Inc., Term Loan B,<br>5.00%, 6/01/18                                 | 1,195        | 1,193,018    |
| Safway Services, LLC, First Out Tranche Loan,<br>9.00%, 12/16/17                               | 2,750        | 2,750,000    |
|                                                                                                |              | 3,943,018    |
| <b>Consumer Finance 0.6%</b>                                                                   |              |              |
| Springleaf Finance Corp. (FKA AGFS Funding Co.),<br>Term Loan, 5.50%, 5/10/17                  | 3,130        | 2,853,339    |
| <b>Containers &amp; Packaging 0.5%</b>                                                         |              |              |
| Berry Plastics Holding Corp., Term Loan C, 2.25%,<br>4/03/15                                   | 338          | 328,436      |
| Sealed Air Corp., Term Loan B, 4.75%, 10/03/18                                                 | 1,724        | 1,740,401    |
|                                                                                                |              | 2,068,837    |
| <b>Diversified Consumer Services 2.8%</b>                                                      |              |              |
|                                                                                                | 4,512        | 4,155,992    |

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|                                                                 |       |            |
|-----------------------------------------------------------------|-------|------------|
| Coinmach Service Corp., Term Loan, 3.41%,<br>11/20/14           |       |            |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 8/15/18 | 5,095 | 4,863,555  |
| ServiceMaster Co.:                                              |       |            |
| Delayed Draw Term Loan, 2.75%, 7/24/14                          | 319   | 314,713    |
| Term Loan, 2.77% 3.03%, 7/24/14                                 | 3,199 | 3,160,247  |
|                                                                 |       | 12,494,507 |

**Diversified Financial Services 1.1%**

|                                     |       |           |
|-------------------------------------|-------|-----------|
| Reynolds Group Holdings, Inc.:      |       |           |
| Tranche B Term Loan, 6.50%, 2/09/18 | 947   | 955,985   |
| Tranche C Term Loan, 6.50%, 8/09/18 | 3,784 | 3,823,792 |
|                                     |       | 4,779,777 |

|                                                                      | Par<br>(000) | Value        |
|----------------------------------------------------------------------|--------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>                              |              |              |
| <b>Diversified Telecommunication Services 2.7%</b>                   |              |              |
| Hawaiian Telcom Communications, Inc.,<br>Term Loan B, 7.00%, 2/25/17 | USD 2,925    | \$ 2,917,687 |
| Level 3 Financing, Inc.:                                             |              |              |
| Term Loan B2, 5.75%, 9/03/18                                         | 6,000        | 6,041,280    |
| Term Loan B3, 5.75%, 8/31/18                                         | 1,500        | 1,510,320    |
| Tranche A Term Loan, 2.50% 2.83%, 3/13/14                            | 200          | 196,700      |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                    | 1,497        | 1,418,049    |
|                                                                      |              | 12,084,036   |

**Electronic Equipment, Instruments & Components 0.9%**

|                                                                    |       |           |
|--------------------------------------------------------------------|-------|-----------|
| CDW LLC (FKA CDW Corp.), Extended Term Loan,<br>4.00%, 7/14/17     | 2,159 | 2,109,990 |
| Sensata Technologies Finance Co. LLC, Term Loan,<br>4.00%, 5/11/18 | 2,116 | 2,111,777 |
|                                                                    |       | 4,221,767 |

**Energy Equipment & Services 2.0%**

|                                               |       |           |
|-----------------------------------------------|-------|-----------|
| CCS Corp., Term Loan B, 3.24%, 11/14/14       | 1,162 | 1,123,917 |
| Dynegy Holdings, Inc.:                        |       |           |
| Coal Co. Term Loan, 9.25%, 8/04/16            | 1,639 | 1,629,682 |
| Gas Co. Term Loan, 9.25%, 8/04/16             | 2,999 | 3,093,966 |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18 | 2,993 | 2,986,366 |
|                                               |       | 8,833,931 |

**Food & Staples Retailing 1.5%**

|                                                                                      |           |           |
|--------------------------------------------------------------------------------------|-----------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance<br>Boots), Facility B1, 3.57%, 7/09/15 | GBP 3,000 | 4,359,337 |
| U.S. Foodservice, Inc., Term Loan B,<br>2.74% 2.75%, 7/03/14                         | USD 2,461 | 2,374,864 |
|                                                                                      |           | 6,734,201 |

**Food Products 2.5%**

|                                                                    |       |            |
|--------------------------------------------------------------------|-------|------------|
| Advance Pierre Foods, Term Loan:<br>(First Lien), 7.00%, 9/30/16   | 2,864 | 2,863,750  |
| (Second Lien) 11.25%, 9/29/17                                      | 1,800 | 1,801,494  |
| Del Monte Corp., Term Loan, 4.50%, 3/08/18                         | 3,884 | 3,808,951  |
| Pinnacle Foods Finance LLC, Tranche D Term Loan,<br>6.00%, 4/02/14 | 1,280 | 1,286,198  |
| Solvest Ltd. (Dole):                                               |       |            |
| Tranche B-2 Term Loan, 5.00% 6.00%,<br>7/06/18                     | 402   | 403,568    |
| Tranche C-2 Term Loan, 5.00% 6.00%,<br>7/06/18                     | 747   | 749,484    |
|                                                                    |       | 10,913,445 |

**Health Care Equipment & Supplies 1.4%**

|                                                    |       |           |
|----------------------------------------------------|-------|-----------|
| Biomet, Inc., Term Loan B, 3.24% 3.57%,<br>3/25/15 | 264   | 260,687   |
|                                                    | 1,854 | 1,827,512 |

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|                                                                                    |       |           |
|------------------------------------------------------------------------------------|-------|-----------|
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan B, 3.24%, 5/20/14 |       |           |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                                   | 1,265 | 1,264,216 |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                                    | 1,237 | 1,228,838 |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                                         | 1,516 | 1,526,434 |
|                                                                                    |       | 6,107,687 |
| <b>Health Care Providers &amp; Services 3.9%</b>                                   |       |           |
| CHS/Community Health Systems, Inc.:                                                |       |           |
| Extended Term Loan B, 3.99% 5.75%, 1/25/17                                         | 4     | 1,745     |
| Non-Extended Delayed Draw Term Loan, 3.25%, 7/25/14                                | 72    | 70,925    |
| Non-Extended Term Loan, 2.49% 4.50%, 7/25/14                                       | 1,418 | 1,398,751 |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                                         | 1,806 | 1,800,616 |
| DaVita, Inc., Term Loan B, 4.50%, 10/20/16                                         | 1,980 | 1,984,534 |
| Emergency Medical Services, Term Loan, 5.25%, 5/25/18                              | 1,985 | 1,978,628 |
| Harden Healthcare LLC:                                                             |       |           |
| Term Loan A, 8.50%, 3/02/15                                                        | 656   | 642,650   |
| Tranche A Additional Term Loan, 7.75%, 3/02/15                                     | 2,182 | 2,138,497 |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                                                                   | Par<br>(000) | Value      |
|---------------------------------------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>                                                           |              |            |
| <b>Health Care Providers &amp; Services (concluded)</b>                                           |              |            |
| HCA, Inc.:                                                                                        |              |            |
| Term Loan B, 2.49%, 11/18/13                                                                      | USD 245      | \$ 243,623 |
| Tranche B-3 Term Loan, 3.49%, 5/01/18                                                             | 1,329        | 1,306,452  |
| Health Management Associates, Inc., Term Loan B, 4.50%, 11/16/18                                  | 585          | 581,197    |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.):                                                 |              |            |
| Combined Term Loan, 6.50%, 8/04/16                                                                | 2,137        | 2,054,452  |
| Incremental Term Loan B-3, 6.75%, 5/15/18                                                         | 1,430        | 1,373,083  |
| Medpace, Inc., Term Loan, 6.50% 7.25%, 6/16/17                                                    | 1,990        | 1,910,400  |
|                                                                                                   |              | 17,485,553 |
| <b>Health Care Technology 1.0%</b>                                                                |              |            |
| IMS Health, Inc., Term Loan B, 4.50%, 8/25/17                                                     | 1,980        | 1,980,348  |
| Kinetic Concepts, Inc., Term Loan B, 7.00%, 5/04/18                                               | 1,310        | 1,331,287  |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16                                                       | 940          | 939,874    |
|                                                                                                   |              | 4,251,509  |
| <b>Hotels, Restaurants &amp; Leisure 2.8%</b>                                                     |              |            |
| Caesars Entertainment Operating Co., Inc.:                                                        |              |            |
| Incremental Term Loan B4, 9.50%, 10/31/16                                                         | 1,009        | 1,037,704  |
| Term Loan B1, 3.24%, 1/28/15                                                                      | 2,264        | 2,121,529  |
| Term Loan B3, 3.24% 3.58%, 1/28/15                                                                | 4,298        | 4,027,465  |
| Dunkin Brands, Inc., Term Loan B, 4.00% 5.25%, 11/23/17                                           | 2,537        | 2,529,823  |
| Golden Living, Term Loan, 5.00%, 5/04/18                                                          | 519          | 488,359    |
| OSI Restaurant Partners LLC:                                                                      |              |            |
| Revolver, 2.56% 2.79%, 6/14/13                                                                    | 15           | 14,886     |
| Term Loan B, 2.56%, 6/14/14                                                                       | 155          | 151,002    |
| Seaworld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17 | 1,472        | 1,470,061  |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 4.25%, 12/20/18                    | 790          | 786,548    |
|                                                                                                   |              | 12,627,377 |
| <b>Household Products 0.3%</b>                                                                    |              |            |
| Prestige Brands International, Inc., Term Loan, 5.25%, 1/31/19                                    | 1,545        | 1,550,794  |
| <b>Independent Power Producers &amp; Energy Traders 0.4%</b>                                      |              |            |
| AES Corp., Term Loan, 4.25%, 6/01/18                                                              | 1,787        | 1,784,714  |
| Texas Competitive Electric Holdings Co. LLC (TXU), Extended Term Loan, 4.76%, 10/10/17            | 311          | 173,681    |
|                                                                                                   |              | 1,958,395  |
| <b>Industrial Conglomerates 0.7%</b>                                                              |              |            |
| Sequa Corp.:                                                                                      |              |            |
| Incremental Term Loan, 6.25%, 12/03/14                                                            | 555          | 556,848    |
| Term Loan, 3.76% 3.84%, 12/03/14                                                                  | 2,643        | 2,614,551  |
|                                                                                                   |              | 3,171,399  |
| <b>Internet Software &amp; Services 0.3%</b>                                                      |              |            |
|                                                                                                   | 1,170        | 1,142,375  |

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|                                                      |       |            |
|------------------------------------------------------|-------|------------|
| Web.com Group, Inc., Term Loan B, 7.00%,<br>10/27/17 |       |            |
| <b>IT Services 3.8%</b>                              |       |            |
| Ceridian Corp., Term Loan, 3.24%, 11/10/14           | 2,304 | 2,179,576  |
| First Data Corp.:                                    |       |            |
| Extended Term Loan B, 4.24%, 3/23/18                 | 7,008 | 6,288,648  |
| Term Loan B-1, 2.99%, 9/24/14                        | 1,307 | 1,249,207  |
| Term Loan B-3, 2.99%, 9/24/14                        | 210   | 200,782    |
| infoGROUP, Inc., Term Loan B, 5.75%, 5/25/18         | 853   | 797,690    |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17          | 1,028 | 1,023,374  |
| NeuStar, Inc., Term Loan B, 5.00%, 11/08/18          | 1,451 | 1,454,991  |
| TransUnion LLC, Term Loan B, 4.75%, 2/12/18          | 3,702 | 3,705,323  |
|                                                      |       | 16,899,591 |

|                                                                                                          | Par<br>(000) | Value      |
|----------------------------------------------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>                                                                  |              |            |
| <b>Leisure Equipment &amp; Products 0.6%</b>                                                             |              |            |
| Eastman Kodak Co., DIP Term Loan B, 8.50%,<br>7/20/13                                                    | USD 965      | \$ 976,763 |
| EB Sports Corp., Term Loan, 11.50%, 12/31/15                                                             | 1,737        | 1,702,114  |
|                                                                                                          |              | 2,678,877  |
| <b>Machinery 1.0%</b>                                                                                    |              |            |
| Terex Corp.:                                                                                             |              |            |
| Term Loan, 6.00%, 4/28/17                                                                                | EUR 219      | 290,180    |
| Term Loan B, 5.50%, 4/28/17                                                                              | USD 2,042    | 2,056,206  |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16                                                                 | 2,248        | 2,245,754  |
|                                                                                                          |              | 4,592,140  |
| <b>Media 10.4%</b>                                                                                       |              |            |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18                                                                  | 839          | 832,402    |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%,<br>10/10/16                                            | 983          | 919,273    |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18                                                         | 1,791        | 1,779,806  |
| Capsugel Healthcare Ltd., Term Loan, 5.25%,<br>8/01/18                                                   | 1,496        | 1,504,794  |
| Cengage Learning Acquisitions, Inc.:                                                                     |              |            |
| Term Loan, 2.49%, 7/03/14                                                                                | 83           | 76,760     |
| Tranche 1 Incremental Term Loan, 7.50%,<br>7/03/14                                                       | 1,253        | 1,212,590  |
| Cequel Communications LLC, Term Loan B, 4.00%,<br>2/11/19                                                | 1,950        | 1,930,051  |
| Charter Communications Operating LLC:                                                                    |              |            |
| Term Loan, 7.25%, 3/06/14                                                                                | 46           | 45,791     |
| Term Loan C, 3.83%, 9/06/16                                                                              | 2,656        | 2,635,757  |
| Clear Channel Communications:                                                                            |              |            |
| Term Loan B, 3.89%, 1/28/16                                                                              | 3,824        | 3,139,122  |
| Term Loan C, 3.89%, 1/28/16                                                                              | 565          | 447,762    |
| Cumulus Media, Inc., Term Loan, 5.75%, 9/17/18                                                           | 1,500        | 1,501,245  |
| Gray Television, Inc., Term Loan B, 3.77%,<br>12/31/14                                                   | 1,218        | 1,203,412  |
| HMH Publishing Co. Ltd., Term Loan, 6.51%,<br>6/12/14                                                    | 2,329        | 1,439,145  |
| Hubbard Broadcasting, Term Loan B (Second Lien),<br>5.25%, 4/28/17                                       | 1,095        | 1,095,408  |
| Intelsat Jackson Holdings SA (FKA Intel Jackson<br>Holding Ltd.), Tranche B Term Loan, 5.25%,<br>4/02/18 | 8,159        | 8,145,576  |
| Interactive Data Corp., Term Loan B, 4.50%,<br>2/12/18                                                   | 1,687        | 1,683,454  |
| Kabel Deutschland GmbH, Term Loan F, 4.25%,<br>2/01/19                                                   | 2,265        | 2,253,675  |
| Lavena Holding 4 GmbH (Prosiebensat.1 Media AG):                                                         |              |            |
| Term Loan B, 3.81%, 3/06/15                                                                              | EUR 304      | 351,749    |

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|                                                                                  |     |       |            |
|----------------------------------------------------------------------------------|-----|-------|------------|
| Term Loan C, 4.06%, 3/04/16                                                      |     | 608   | 707,546    |
| Newsday LLC, Fixed Rate Term Loan, 10.50%,<br>8/01/13                            | USD | 4,250 | 4,372,187  |
| Nielsen Finance LLC, Class C Term Loan, 3.51%,<br>5/02/16                        |     | 403   | 402,898    |
| Sinclair Television Group, Inc.:                                                 |     |       |            |
| Incremental Term Loan B3, 10/28/16                                               |     | 470   | 467,796    |
| New Tranche B Term Loan, 4.00%, 10/28/16                                         |     | 1,583 | 1,575,908  |
| Univision Communications, Inc., Extended First<br>Lien Term Loan, 4.49%, 3/31/17 |     | 3,272 | 3,038,294  |
| UPC Broadband Holding B.V., Term Loan U, 4.72%,<br>12/29/17                      | EUR | 196   | 256,064    |
| UPC Financing Partnership:                                                       |     |       |            |
| Term Loan, 4.75%, 12/29/17                                                       | USD | 1,050 | 1,048,162  |
| Term Loan T, 3.77%, 12/30/16                                                     |     | 255   | 250,729    |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18                                      |     | 593   | 591,272    |
| Weather Channel, Term Loan B, 4.25%, 2/13/17                                     |     | 1,429 | 1,429,568  |
|                                                                                  |     |       | 46,338,196 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                              |     | Par<br>(000) | Value        |
|------------------------------------------------------------------------------|-----|--------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>                                      |     |              |              |
| <b>Metals &amp; Mining 2.2%</b>                                              |     |              |              |
| Novelis, Inc.:                                                               |     |              |              |
| Incremental Term Loan B2, 4.00%, 3/10/17                                     | USD | 1,130        | \$ 1,124,856 |
| Term Loan, 4.00%, 3/10/17                                                    |     | 3,119        | 3,102,907    |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18                            |     | 1,592        | 1,588,021    |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18                             |     | 4,185        | 4,165,454    |
|                                                                              |     |              | 9,981,238    |
| <b>Multi-Utilities 0.1%</b>                                                  |     |              |              |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.),                      |     |              |              |
| Term B Advance (First Lien), 2.75%, 11/01/13                                 |     | 343          | 322,672      |
| <b>Multiline Retail 1.6%</b>                                                 |     |              |              |
| 99 Cents Only Stores, Term Loan B, 7.00%, 1/11/19                            |     | 1,500        | 1,509,645    |
| Dollar General Corp., Tranche B-2 Term Loan,<br>3.00% 3.33%, 7/07/14         |     | 1,439        | 1,439,441    |
| Hema Holding BV:                                                             |     |              |              |
| Second Lien Term Loan, 5.69%, 1/05/17                                        | EUR | 2,900        | 3,361,392    |
| Term Loan B, 2.69%, 7/05/16                                                  |     | 363          | 465,158      |
| Term Loan C, 3.44%, 7/06/15                                                  |     | 363          | 462,743      |
|                                                                              |     |              | 7,238,379    |
| <b>Oil, Gas &amp; Consumable Fuels 1.0%</b>                                  |     |              |              |
| Gibson Energy, Term Loan B, 5.75%, 6/15/18                                   | USD | 1,493        | 1,494,052    |
| Obsidian Natural Gas Trust, Term Loan, 7.00%,<br>11/02/15                    |     | 3,044        | 3,059,534    |
|                                                                              |     |              | 4,553,586    |
| <b>Paper &amp; Forest Products 0.8%</b>                                      |     |              |              |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                                 |     | 1,050        | 1,057,875    |
| Verso Paper Finance Holdings LLC, Term Loan,<br>6.79% 7.54%, 2/01/13         |     | 4,656        | 2,327,915    |
|                                                                              |     |              | 3,385,790    |
| <b>Pharmaceuticals 2.4%</b>                                                  |     |              |              |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                            |     | 1,782        | 1,766,853    |
| Endo Pharmaceuticals Holdings, Inc., Term Loan B,<br>4.00%, 6/18/18          |     | 500          | 500,446      |
| Pharmaceutical Products Development, Inc.,<br>Term Loan B, 6.25%, 12/05/18   |     | 1,745        | 1,760,269    |
| Quintiles Transnational Corp., Term Loan B,<br>5.00%, 6/08/18                |     | 776          | 770,970      |
| RPI Finance Trust, Term Loan Tranche 2, 4.00%,<br>5/09/18                    |     | 1,144        | 1,142,236    |
| Taminco Global Chemical Corp., New Term Loan,<br>6.25%, 2/15/19              |     | 925          | 928,802      |
| Valeant Pharmaceuticals International, Add on<br>Term Loan B, 3.75%, 2/08/19 |     | 2,415        | 2,407,465    |
| Warner Chilcott Corp.:                                                       |     |              |              |
| Term Loan B-1, 4.25%, 3/15/18                                                |     | 862          | 860,031      |
| Term Loan B-2, 4.25%, 3/15/18                                                |     | 431          | 430,016      |
|                                                                              |     |              | 10,567,088   |
| <b>Professional Services 1.2%</b>                                            |     |              |              |
| Booz Allen Hamilton, Inc., Tranche B Term Loan,<br>4.00%, 8/03/17            |     | 245          | 245,315      |
| Emdeon, Inc., Term Loan B, 6.75%, 11/02/18                                   |     | 2,775        | 2,806,718    |



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|                                                                                    |     |       |                      |              |
|------------------------------------------------------------------------------------|-----|-------|----------------------|--------------|
| Fifth Third Processing Solutions LLC, Term Loan B<br>(First Lien), 4.50%, 11/03/16 |     | 2,079 |                      | 2,080,516    |
|                                                                                    |     |       |                      | 5,132,549    |
| <b>Real Estate Investment Trusts (REITs) 0.6%</b>                                  |     |       |                      |              |
| iStar Financial, Inc., Term Loan (Second Lien), 5.00%,<br>6/28/13                  |     | 2,873 |                      | 2,859,896    |
|                                                                                    |     |       |                      |              |
|                                                                                    |     |       | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>                                            |     |       |                      |              |
| <b>Real Estate Management &amp; Development 0.7%</b>                               |     |       |                      |              |
| Realogy Corp.:                                                                     |     |       |                      |              |
| Extended Synthetic Letter of Credit Loan, 4.53%,<br>10/10/16                       | USD | 333   | \$                   | 308,825      |
| Extended Term Loan, 4.77%, 10/10/16                                                |     | 3,033 |                      | 2,813,857    |
|                                                                                    |     |       |                      | 3,122,682    |
| <b>Road &amp; Rail 0.6%</b>                                                        |     |       |                      |              |
| Avis Budget Car Rental LLC, Incremental Term Loan,<br>6.25%, 9/21/18               |     | 1,082 |                      | 1,092,840    |
| RailAmerica, Inc., Term Loan B, 4.00%, 2/27/19                                     |     | 1,685 |                      | 1,680,787    |
|                                                                                    |     |       |                      | 2,773,627    |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.4%</b>                       |     |       |                      |              |
| Freescale Semiconductor, Inc., Extended Term<br>Loan B, 4.52%, 12/01/16            |     | 728   |                      | 709,441      |
| NXP B.V., Term Loan A-2, 5.50%, 3/03/17                                            |     | 1,278 |                      | 1,268,154    |
|                                                                                    |     |       |                      | 1,977,595    |
| <b>Software 0.6%</b>                                                               |     |       |                      |              |
| Blackboard, Inc., Term Loan B, 7.50%, 10/04/18                                     |     | 600   |                      | 592,002      |
| Infor Enterprise Solutions Holdings, Inc.:                                         |     |       |                      |              |
| Extended Delayed Draw Term Loan, 7/28/15                                           |     | 49    |                      | 47,469       |
| Extended Initial Term Loan, 7/28/15                                                |     | 91    |                      | 89,381       |
| Extended Initial Term Loan, 7/28/15                                                | EUR | 650   |                      | 816,200      |
| Sophia LP, Term Loan B, 6.25%, 7/19/18                                             | USD | 1,200 |                      | 1,212,504    |
|                                                                                    |     |       |                      | 2,757,556    |
| <b>Specialty Retail 3.5%</b>                                                       |     |       |                      |              |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                            |     | 1,900 |                      | 1,899,791    |
| Burlington Coat Factory Warehouse Corp., Term<br>Loan B, 6.25%, 2/23/17            |     | 1,364 |                      | 1,364,437    |
| Claire's Stores, Inc., Term Loan B, 3.00% 3.30%,<br>5/29/14                        |     | 709   |                      | 671,471      |
| General Nutrition Centers, Inc., Term Loan B, 4.25%,<br>3/02/18                    |     | 2,175 |                      | 2,168,562    |
| The Gymboree Corp., Term Loan, 5.00%, 2/23/18                                      |     | 815   |                      | 766,304      |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18                                   |     | 794   |                      | 783,305      |
| Michaels Stores, Inc.:                                                             |     |       |                      |              |
| Extended Term Loan B3, 5.13%, 7/29/16                                              |     | 980   |                      | 974,786      |
| Term Loan B-2, 5.13%, 7/29/16                                                      |     | 1,517 |                      | 1,508,718    |
| Petco Animal Supplies, Inc., Term Loan B, 4.50%,<br>11/24/17                       |     | 2,555 |                      | 2,543,571    |
| Toys R Us Delaware, Inc.:                                                          |     |       |                      |              |
| Term Loan B1, 6.00%, 9/01/16                                                       |     | 1,898 |                      | 1,899,324    |
| Term Loan B2, 5.25%, 5/25/18                                                       |     | 1,141 |                      | 1,127,827    |
|                                                                                    |     |       |                      | 15,708,096   |
| <b>Wireless Telecommunication Services 1.8%</b>                                    |     |       |                      |              |
| Crown Castle International Corp., Term Loan B,<br>4.00%, 1/31/19                   |     | 755   |                      | 751,565      |
| MetroPCS Wireless, Inc., Term Loan B-3,<br>4.00% 4.06%, 3/16/18                    |     | 1,261 |                      | 1,250,743    |
| Vodafone Americas Finance 2, Inc., Term Loan,<br>6.88%, 8/11/15 (h)                |     | 6,091 |                      | 6,091,401    |
|                                                                                    |     |       |                      | 8,093,709    |
| <b>Total Floating Rate Loan Interests 72.1%</b>                                    |     |       |                      | 321,413,136  |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                      |     | Beneficial<br>Interest<br>(000) | Value     |
|------------------------------------------------------|-----|---------------------------------|-----------|
| <b>Other Interests (k)</b>                           |     |                                 |           |
| <b>Auto Components 0.0%</b>                          |     |                                 |           |
| Intermet Liquidating Trust, Class A (c)              | USD | 833                             | \$ 1      |
| <b>Chemicals 0.0%</b>                                |     |                                 |           |
| Wellman Holdings, Inc., Litigation Trust Certificate |     | 10,000                          | 100       |
| <b>Diversified Financial Services 0.3%</b>           |     |                                 |           |
| J.G.Wentworth LLC Preferred Equity Interests (c)     |     | 1                               | 1,239,201 |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>        |     |                                 |           |
| Buffets, Inc. (c)                                    |     | 1,440                           | 14        |
| <b>Household Durables 0.5%</b>                       |     |                                 |           |
| Stanley Martin, Class B Membership Units             |     | 2                               | 2,171,250 |
| <b>Media 0.0%</b>                                    |     |                                 |           |
| Adelphia Escrow (c)                                  |     | 7,500                           | 75        |
| Adelphia Preferred Escrow (c)                        |     | 5                               |           |
| Adelphia Recovery Trust (c)                          |     | 9,406                           | 941       |
| Adelphia Recovery Trust, Series ACC-6B INT (c)       |     | 500                             | 2,500     |
|                                                      |     |                                 | 3,516     |
| <b>Specialty Retail 0.0%</b>                         |     |                                 |           |
| Movie Gallery, Inc. Default Escrow (c)               |     | 21,700                          | 217       |
| <b>Total Other Interests 0.8%</b>                    |     |                                 | 3,414,299 |

|                                                            |  | Shares  |             |
|------------------------------------------------------------|--|---------|-------------|
| <b>Warrants (l)</b>                                        |  |         |             |
| <b>Health Care Providers &amp; Services 0.0%</b>           |  |         |             |
| HealthSouth Corp. (Expires 1/16/14)                        |  | 126,761 | 2           |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>              |  |         |             |
| Buffets Restaurants Holdings, Inc.<br>(Expires 4/29/14)    |  | 1,216   |             |
| <b>Media 0.1%</b>                                          |  |         |             |
| Charter Communications, Inc.<br>(Expires 11/30/14)         |  | 12,661  | 237,900     |
| <b>Software 0.0%</b>                                       |  |         |             |
| Bankruptcy Management Solutions, Inc.<br>(Expires 9/29/17) |  | 1,247   |             |
| HMH Holdings/EduMedia (Expires 3/09/17)                    |  | 24,924  |             |
| <b>Total Warrants 0.1%</b>                                 |  |         | 237,902     |
| <b>Total Long-Term Investments</b>                         |  |         |             |
| <b>(Cost \$649,369,385) 133.3%</b>                         |  |         | 594,261,214 |

|                                                      |     | Beneficial<br>Interest<br>(000) |                |
|------------------------------------------------------|-----|---------------------------------|----------------|
| <b>Short-Term Securities</b>                         |     |                                 |                |
| Bank of New York Cash Reserves, 0.01% (m)            | USD | 9,310                           | 9,309,840      |
| <b>Total Short-Term Securities</b>                   |     |                                 |                |
| <b>(Cost \$9,309,840) 2.1%</b>                       |     |                                 | 9,309,840      |
| <b>Total Investments (Cost \$658,679,225) 135.4%</b> |     |                                 |                |
|                                                      |     |                                 | 603,571,054    |
| <b>Liabilities in Excess of Other Assets (35.4)%</b> |     |                                 | (157,746,819)  |
| <b>Net Assets 100.0%</b>                             |     |                                 | \$ 445,824,235 |

(a)

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

- (b) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) 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.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Convertible security.
- (h) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (i) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                   | Value        | Unrealized<br>Appreciation |
|--------------------------------|--------------|----------------------------|
| Bank of America                | \$ 1,605,645 | \$ 28,645                  |
| Barclays Capital Inc.          | \$ 298,538   | \$ 2,138                   |
| Citigroup Global Markets, Inc. | \$ 153,188   | \$ 3,188                   |
| Goldman Sachs & Co.            | \$ 1,405,000 |                            |
| Morgan Stanley Co.             | \$ 2,017,078 | \$ 40,704                  |

- (j) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (k) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
- (l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (m) Represents the current yield as of report date.

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

| Affiliate                                                      | Shares Held at<br>February 28,<br>2011 | Net<br>Activity | Shares Held at<br>February 29,<br>2012 | Income   |
|----------------------------------------------------------------|----------------------------------------|-----------------|----------------------------------------|----------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 436,377                                | (436,377)       |                                        | \$ 2,537 |

Foreign currency exchange contracts as of February 29, 2012 were as follows:

| Currency<br>Purchased | Currency<br>Sold | Counterparty               | Settlement<br>Date | Unrealized<br>Appreciation<br>(Depreciation) |
|-----------------------|------------------|----------------------------|--------------------|----------------------------------------------|
| CAD 237,700           | USD 232,758      | Royal Bank of Scotland Plc | 4/11/12            | \$ 7,263                                     |
| USD 4,135,821         | GBP 2,698,000    | UBS AG                     | 4/11/12            | (155,208)                                    |

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|              |            |     |            |                  |         |              |
|--------------|------------|-----|------------|------------------|---------|--------------|
| EUR          | 1,484,000  | USD | 1,960,563  | Deutsche Bank AG | 4/18/12 | 16,958       |
| USD          | 17,446,101 | EUR | 13,552,500 | Citibank NA      | 4/18/12 | (613,429)    |
| USD          | 642,015    | EUR | 486,000    | UBS AG           | 4/18/12 | (5,609)      |
| <b>Total</b> |            |     |            |                  |         | \$ (750,025) |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (concluded)

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

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

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

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

The following tables summarize the inputs used as of February 29, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs       | Level 1      | Level 2        | Level 3       | Total          |
|------------------------|--------------|----------------|---------------|----------------|
| <b>Assets:</b>         |              |                |               |                |
| Investments:           |              |                |               |                |
| Long-Term Investments: |              |                |               |                |
| Asset-Backed           |              |                |               |                |
| Securities             |              | \$ 3,130,625   | \$ 4,989,143  | \$ 8,119,768   |
| Common Stocks          | \$ 2,213,632 | 370,718        | 5,458,062     | 8,042,412      |
| Corporate Bonds        |              | 243,428,761    | 9,604,936     | 253,033,697    |
| Floating Rate          |              |                |               |                |
| Loan interests         |              | 293,227,036    | 28,186,100    | 321,413,136    |
| Other Interests        | 3,441        |                | 3,410,858     | 3,414,299      |
| Warrants               | 237,900      |                | 2             | 237,902        |
| Short-Term             |              |                |               |                |
| Investments            |              | 9,309,840      |               | 9,309,840      |
| <b>Total</b>           | \$ 2,454,973 | \$ 549,466,980 | \$ 51,649,101 | \$ 603,571,054 |

| Valuation Inputs                              | Level 1 | Level 2   | Level 3 | Total     |
|-----------------------------------------------|---------|-----------|---------|-----------|
| Derivative Financial Instruments <sup>1</sup> |         |           |         |           |
| <b>Assets:</b>                                |         |           |         |           |
| Foreign currency exchange contracts           |         |           |         |           |
|                                               |         | \$ 24,221 |         | \$ 24,221 |
| <b>Liabilities:</b>                           |         |           |         |           |
|                                               |         | (774,246) |         | (774,246) |

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|                                     |              |              |
|-------------------------------------|--------------|--------------|
| Foreign currency exchange contracts |              |              |
| <b>Total</b>                        | \$ (750,025) | \$ (750,025) |

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

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

|                                                                 | Asset-Backed Securities | Common Stocks       | Corporate Bonds     | Floating Rate Loan Interests | Other Interests     | Warrants    | Total                |
|-----------------------------------------------------------------|-------------------------|---------------------|---------------------|------------------------------|---------------------|-------------|----------------------|
| <b>Assets/Liabilities:</b>                                      |                         |                     |                     |                              |                     |             |                      |
| Balance, as of February 28, 2011                                | \$ 6,393,325            | \$ 926,586          | \$ 12,777,038       | \$ 50,753,656                | \$ 4,757,077        | \$ 26       | \$ 75,607,708        |
| Accrued discounts/premiums                                      | 68,423                  |                     | 471,764             | 217,248                      |                     |             | 757,435              |
| Net realized gain (loss)                                        | 62,231                  | 18,840              | (7,813,320)         | 155,216                      | 1,749,851           |             | (5,827,182)          |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | (333,611)               | (6,653,262)         | 10,181,762          | 3,942,086                    | 405,548             | (24)        | 7,542,499            |
| Purchases                                                       | 1,712,700               | 10,563,366          | 25,052              | 8,377,601                    |                     |             | 20,678,719           |
| Sales                                                           | (1,813,925)             | (23,902)            | (6,037,804)         | (25,745,324)                 | (3,501,613)         |             | (37,122,568)         |
| Transfers in <sup>3</sup>                                       |                         | 626,434             | 444                 | 2,248,566                    |                     |             | 2,875,444            |
| Transfers out <sup>3</sup>                                      | (1,100,000)             |                     |                     | (11,762,949)                 | (5)                 |             | (12,862,954)         |
| <b>Balance, as of February 29, 2012</b>                         | <b>\$ 4,989,143</b>     | <b>\$ 5,458,062</b> | <b>\$ 9,604,936</b> | <b>\$ 28,186,100</b>         | <b>\$ 3,410,858</b> | <b>\$ 2</b> | <b>\$ 51,649,101</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on securities still held on February 29, 2012 was \$(8,868,907).

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

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments February 29, 2012

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

| <b>Asset-Backed Securities</b>                                                         | <b>Par<br/>(000)</b> | <b>Value</b>     |
|----------------------------------------------------------------------------------------|----------------------|------------------|
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23           | USD 147              | \$ 155,820       |
| ARES CLO Funds, Series 2005-10A, Class B, 0.95%, 9/18/17 (a)(b)                        | 500                  | 462,690          |
| Ballyrock CDO Ltd., Series 2006-1A, Class B, 0.84%, 8/28/19 (a)(b)                     | 500                  | 418,750          |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 1.04%, 6/19/21 (a)(b)                | 395                  | 335,865          |
| Flagship CLO, Series 2006-1A, Class B, 0.91%, 9/20/19 (a)(b)                           | 1,000                | 772,500          |
| Fraser Sullivan CLO Ltd., Series 2006-2A, Class B, 0.96%, 12/20/20 (a)(b)              | 500                  | 425,000          |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.92%, 10/27/20 (b)                   | 305                  | 246,287          |
| Goldman Sachs Asset Management CLO Plc, Series 2007-1A, Class B, 1.00%, 8/01/22 (a)(b) | 665                  | 532,000          |
| Landmark CDO Ltd., Series 2006-8A, Class B, 0.92%, 10/19/20 (a)(b)                     | 570                  | 477,193          |
| MAPS CLO Fund LLC, Series 2005-1A, Class C, 1.52%, 12/21/17 (a)(b)                     | 300                  | 270,300          |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.95%, 11/15/21 (b)                        | 405                  | 347,287          |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 1.17%, 7/15/19 (a)(b)                | 345                  | 299,201          |
| <b>Total Asset-Backed Securities 3.3%</b>                                              |                      | <b>4,742,893</b> |

| <b>Common Stocks (c)</b>                                                        | <b>Shares</b> |                  |
|---------------------------------------------------------------------------------|---------------|------------------|
| <b>Auto Components 0.7%</b>                                                     |               |                  |
| Delphi Automotive Plc                                                           | 1             | 41               |
| Delphi Automotive Plc (180-day lock)<br>(acquired 11/17/11, cost \$189,704) (d) | 33,615        | 1,048,779        |
|                                                                                 |               | 1,048,820        |
| <b>Chemicals 0.0%</b>                                                           |               |                  |
| GEO Specialty Chemicals, Inc.                                                   | 10,732        | 4,937            |
| <b>Electrical Equipment 0.0%</b>                                                |               |                  |
| Medis Technologies Ltd.                                                         | 13,053        | 65               |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.0%</b>                    |               |                  |
| SunPower Corp.                                                                  | 1,860         | 14,006           |
| <b>Software 0.0%</b>                                                            |               |                  |
| HMH Holdings/EduMedia                                                           | 47,227        | 11,807           |
| <b>Total Common Stocks 0.7%</b>                                                 |               | <b>1,079,635</b> |

| <b>Corporate Bonds</b>                                    | <b>Par<br/>(000)</b> |        |
|-----------------------------------------------------------|----------------------|--------|
| <b>Airlines 0.1%</b>                                      |                      |        |
| Delta Air Lines, Inc., Series 2009-1-B, 9.75%,<br>6/17/18 | USD 55               | 58,663 |



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|                                                              |     |       |              |              |
|--------------------------------------------------------------|-----|-------|--------------|--------------|
| <b>Auto Components 0.8%</b>                                  |     |       |              |              |
| Icahn Enterprises LP:                                        |     |       |              |              |
| 7.75%, 1/15/16                                               |     | 30    |              | 31,425       |
| 8.00%, 1/15/18 (a)                                           |     | 1,075 |              | 1,139,500    |
|                                                              |     |       |              | 1,170,925    |
| <b>Capital Markets 0.0%</b>                                  |     |       |              |              |
| E*Trade Financial Corp., 3.99%, 8/31/19 (a)(e)(f)            |     | 46    |              | 43,528       |
|                                                              |     |       |              |              |
|                                                              |     |       | <b>Par</b>   | <b>Value</b> |
|                                                              |     |       | <b>(000)</b> |              |
| <b>Corporate Bonds</b>                                       |     |       |              |              |
| <b>Chemicals 1.7%</b>                                        |     |       |              |              |
| CF Industries, Inc., 6.88%, 5/01/18                          | USD | 480   | \$           | 565,200      |
| GEO Specialty Chemicals, Inc. (a):                           |     |       |              |              |
| 7.50%, 3/31/15 (e)(g)                                        |     | 702   |              | 835,500      |
| 10.00%, 3/31/15                                              |     | 691   |              | 690,560      |
| Ineos Finance Plc, 8.38%, 2/15/19 (a)                        |     | 125   |              | 132,812      |
| Lyondell Chemical Co., 11.00%, 5/01/18                       |     | 150   |              | 164,142      |
| LyondellBasell Industries NV, 6.00%, 11/15/21 (a)            |     | 50    |              | 54,875       |
|                                                              |     |       |              | 2,443,089    |
| <b>Commercial Banks 0.2%</b>                                 |     |       |              |              |
| CIT Group, Inc.:                                             |     |       |              |              |
| 7.00%, 5/01/16                                               |     | 117   |              | 117,162      |
| 7.00%, 5/02/17 (a)                                           |     | 150   |              | 150,188      |
|                                                              |     |       |              | 267,350      |
| <b>Commercial Services &amp; Supplies 0.3%</b>               |     |       |              |              |
| ARAMARK Corp., 4.05%, 2/01/15 (b)                            |     | 75    |              | 74,719       |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)              |     | 335   |              | 350,476      |
| Brickman Group Holdings, Inc., 9.13%,<br>11/01/18 (a)        |     | 12    |              | 11,400       |
|                                                              |     |       |              | 436,595      |
| <b>Consumer Finance 0.3%</b>                                 |     |       |              |              |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)                    |     | 425   |              | 454,750      |
| <b>Containers &amp; Packaging 0.4%</b>                       |     |       |              |              |
| Graphic Packaging International, Inc., 9.50%,<br>6/15/17     |     |       |              |              |
|                                                              |     | 115   |              | 127,938      |
| OI European Group BV, 6.88%, 3/31/17                         | EUR | 113   |              | 156,572      |
| Smurfit Kappa Acquisitions (a):                              |     |       |              |              |
| 7.25%, 11/15/17                                              |     | 55    |              | 78,406       |
| 7.75%, 11/15/19                                              |     | 160   |              | 229,688      |
|                                                              |     |       |              | 592,604      |
| <b>Diversified Financial Services 1.4%</b>                   |     |       |              |              |
| Ally Financial, Inc., 2.73%, 12/01/14 (b)                    | USD | 1,175 |              | 1,099,720    |
| Axcan Intermediate Holdings, Inc., 12.75%,<br>3/01/16        |     | 70    |              | 74,637       |
| Reynolds Group Issuer, Inc. (a):                             |     |       |              |              |
| 8.75%, 10/15/16 (h)                                          | EUR | 200   |              | 283,114      |
| 8.75%, 10/15/16                                              | USD | 300   |              | 319,500      |
| 6.88%, 2/15/21                                               |     | 210   |              | 222,600      |
|                                                              |     |       |              | 1,999,571    |
| <b>Diversified Telecommunication Services 0.4%</b>           |     |       |              |              |
| ITC Deltacom, Inc., 10.50%, 4/01/16                          |     | 290   |              | 302,325      |
| Qwest Communications International, Inc., 8.00%,<br>10/01/15 |     | 300   |              | 322,031      |
|                                                              |     |       |              | 624,356      |
| <b>Health Care Equipment &amp; Supplies 0.5%</b>             |     |       |              |              |
| DJO Finance LLC (FKA ReAble Therapeutics<br>Finance LLC):    |     |       |              |              |
| 10.88%, 11/15/14                                             |     | 645   |              | 656,288      |
| 7.75%, 4/15/18                                               |     | 95    |              | 81,700       |
|                                                              |     |       |              | 737,988      |
| <b>Health Care Providers &amp; Services 0.5%</b>             |     |       |              |              |
| HCA, Inc., 6.50%, 2/15/20                                    |     | 455   |              | 487,988      |

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|                                                                   |     |           |
|-------------------------------------------------------------------|-----|-----------|
| Tenet Healthcare Corp., 8.88%, 7/01/19                            | 170 | 193,800   |
|                                                                   |     | 681,788   |
| <b>Health Care Technology 0.8%</b>                                |     |           |
| IMS Health, Inc., 12.50%, 3/01/18 (a)                             | 980 | 1,166,200 |
| <b>Hotels, Restaurants &amp; Leisure 1.1%</b>                     |     |           |
| Little Traverse Bay Bands of Odawa Indians, 9.00%,<br>8/31/20 (a) | 383 | 337,040   |
| MGM Resorts International:                                        |     |           |
| 10.38%, 5/15/14                                                   | 460 | 523,250   |
| 11.13%, 11/15/17                                                  | 200 | 227,500   |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                              | Par<br>(000) | Value      |
|--------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                       |              |            |
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>         |              |            |
| Travelport LLC (FKA Travelport, Inc.):                       |              |            |
| 5.15%, 9/01/14 (b)                                           | USD 665      | \$ 340,812 |
| 9.88%, 9/01/14 (a)                                           | 150          | 85,875     |
|                                                              |              | 1,514,477  |
| <b>Independent Power Producers &amp; Energy Traders 1.9%</b> |              |            |
| Calpine Corp., 7.25%, 10/15/17 (a)                           | 625          | 662,500    |
| Energy Future Holdings Corp., 10.00%, 1/15/20                | 470          | 508,187    |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 1,455        | 1,580,494  |
|                                                              |              | 2,751,181  |
| <b>Industrial Conglomerates 0.5%</b>                         |              |            |
| Sequa Corp., 13.50%, 12/01/15 (a)                            | 679          | 724,477    |
| <b>Machinery 0.1%</b>                                        |              |            |
| UR Financing Escrow Corp., 5.75%, 7/15/18 (a)                | 90           | 92,475     |
| <b>Media 2.7%</b>                                            |              |            |
| AMC Networks, Inc., 7.75%, 7/15/21 (a)                       | 120          | 133,800    |
| CCH II LLC, 13.50%, 11/30/16                                 | 550          | 632,500    |
| Checkout Holding Corp., 10.68%, 11/15/15 (a)(f)              | 350          | 157,500    |
| Clear Channel Worldwide Holdings, Inc.:                      |              |            |
| 9.25%, 12/15/17                                              | 212          | 232,140    |
| Series B, 9.25%, 12/15/17                                    | 967          | 1,063,700  |
| CSC Holdings LLC, 8.50%, 4/15/14                             | 230          | 255,300    |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a)          | 330          | 363,000    |
| Unitymedia Hessen GmbH & Co. KG, 8.13%, 12/01/17 (a)         | 1,000        | 1,085,000  |
|                                                              |              | 3,922,940  |
| <b>Multiline Retail 0.2%</b>                                 |              |            |
| Dollar General Corp., 11.88%, 7/15/17 (g)                    | 235          | 257,915    |
| <b>Oil, Gas &amp; Consumable Fuels 0.1%</b>                  |              |            |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                | 144          | 154,080    |
| <b>Paper &amp; Forest Products 0.2%</b>                      |              |            |
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (a)   | 180          | 184,950    |
| Verso Paper Holdings LLC, Series B, 4.30%, 8/01/14 (b)       | 180          | 124,650    |
|                                                              |              | 309,600    |
| <b>Pharmaceuticals 0.2%</b>                                  |              |            |
| Valeant Pharmaceuticals International, 6.50%, 7/15/16 (a)    | 210          | 214,200    |
| <b>Real Estate Management &amp; Development 0.1%</b>         |              |            |
| Realogy Corp., 7.63%, 1/15/20 (a)                            | 190          | 196,175    |
| <b>Wireless Telecommunication Services 2.2%</b>              |              |            |
| Cricket Communications, Inc., 7.75%, 5/15/16                 | 825          | 878,625    |
| Digicel Group Ltd. (a):                                      |              |            |
| 9.13%, 1/15/15                                               | 399          | 406,980    |
| 8.25%, 9/01/17                                               | 265          | 280,900    |
| iPCS, Inc., 2.67%, 5/01/13 (b)                               | 500          | 481,250    |
| Sprint Nextel Corp. (a):                                     |              |            |

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|                                    |     |            |
|------------------------------------|-----|------------|
| 9.00%, 11/15/18                    | 410 | 457,150    |
| 7.00%, 3/01/20                     | 630 | 640,237    |
|                                    |     | 3,145,142  |
| <b>Total Corporate Bonds 16.7%</b> |     | 23,960,069 |

|                                                               | Par<br>(000) | Value      |
|---------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>                       |              |            |
| <b>Aerospace &amp; Defense 1.7%</b>                           |              |            |
| DynCorp International, Term Loan B, 6.25% 6.75%,<br>7/07/16   | USD 415      | \$ 413,857 |
| SI Organization, Inc., New Term Loan B, 4.50%,<br>11/22/16    | 467          | 447,675    |
| TransDigm, Inc.:                                              |              |            |
| Add on Term Loan B2, 4.00%, 2/14/17                           | 225          | 225,187    |
| Term Loan (First Lien), 4.00%, 2/14/17                        | 941          | 939,672    |
| Wesco Aircraft Hardware Corp., Term Loan B, 4.25%,<br>4/07/17 | 356          | 355,870    |
|                                                               |              | 2,382,261  |

|                                                                      |       |           |
|----------------------------------------------------------------------|-------|-----------|
| <b>Airlines 0.8%</b>                                                 |       |           |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%,<br>4/20/17 (a) | 1,180 | 1,152,045 |
| <b>Auto Components 2.6%</b>                                          |       |           |
| Allison Transmission, Inc., Term Loan B, 2.75%,<br>8/07/14           | 1,629 | 1,611,038 |
| Autoparts Holdings Ltd., First Lien Term Loan,<br>6.50%, 7/28/17     | 748   | 749,996   |
| Federal-Mogul Corp.:                                                 |       |           |
| Term Loan B, 2.19% 2.20%, 12/29/14                                   | 320   | 305,631   |
| Term Loan C, 2.19% 2.20%, 12/28/15                                   | 163   | 155,934   |
| GPX International Tire Corp. (c)(i):                                 |       |           |
| 8.37%, 3/30/12                                                       | 9     |           |
| 12.00%, 3/30/12                                                      | 549   |           |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                          | 540   | 541,577   |
| UCI International, Inc., Term Loan, 5.50%, 7/26/17                   | 396   | 396,990   |
|                                                                      |       | 3,761,166 |

|                                                                                              |         |           |
|----------------------------------------------------------------------------------------------|---------|-----------|
| <b>Biotechnology 0.7%</b>                                                                    |         |           |
| Grifols SA, Term Loan B, 4.50%, 6/01/17                                                      | 998     | 996,288   |
| <b>Building Products 3.0%</b>                                                                |         |           |
| Armstrong World Industries, Inc., Term Loan B,<br>4.00%, 3/09/18                             | 620     | 617,794   |
| CPG International I, Inc., Term Loan B, 6.00%,<br>2/18/17                                    | 941     | 888,772   |
| Goodman Global Holdings, Inc., Initial First Lien<br>Term Loan (First Lien), 5.75%, 10/28/16 | 2,327   | 2,338,393 |
| Momentive Performance Materials, Inc. (Nautilus),<br>Extended Term Loan B2, 4.08%, 5/05/15   | EUR 340 | 428,367   |
|                                                                                              |         | 4,273,326 |

|                                                                  |        |           |
|------------------------------------------------------------------|--------|-----------|
| <b>Capital Markets 1.7%</b>                                      |        |           |
| American Capital Ltd., Term Loan B, 7.50%,<br>12/31/13           | USD 70 | 70,153    |
| HarbourVest Partners, Term Loan (First Lien),<br>6.25%, 12/16/16 | 838    | 838,853   |
| Nuveen Investments, Inc.:                                        |        |           |
| New Term Loan (First Lien), 3.30% 3.58%,<br>5/12/17              | 459    | 456,111   |
| Extended Term Loan, 5.74% 5.83%, 5/12/17                         | 916    | 913,423   |
| Incremental Term Loan, 7.25%, 5/13/17                            | 180    | 181,260   |
|                                                                  |        | 2,459,800 |

|                                                                 |     |         |
|-----------------------------------------------------------------|-----|---------|
| <b>Chemicals 4.9%</b>                                           |     |         |
| American Rock Salt Holdings LLC, Term Loan B,<br>5.50%, 4/25/17 | 715 | 664,071 |

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|                                                                                           |     |     |         |
|-------------------------------------------------------------------------------------------|-----|-----|---------|
| Ashland, Inc., Term Loan B, 3.75%, 8/23/18                                                |     | 459 | 460,365 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16                                          |     | 800 | 802,504 |
| Gentek, Inc., Term Loan B, 5.00% 5.75%,<br>10/06/15                                       |     | 563 | 558,973 |
| MDI Holdings, LLC, Tranche C Term Loan, 2.76%,<br>4/11/14                                 | EUR | 262 | 340,424 |
| Nexeo Solutions LLC, Term Loan B, 5.00%,<br>9/08/17                                       | USD | 620 | 610,747 |
| PolyOne Corp., Term Loan, 5.00%, 12/20/17                                                 |     | 215 | 215,322 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term<br>Loan B (First Lien), 3.50%, 7/30/14 (a) |     | 840 | 819,588 |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                                                       | Par<br>(000) | Value      |
|---------------------------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>                                               |              |            |
| <b>Chemicals (concluded)</b>                                                          |              |            |
| Styron Sarl, Term Loan B, 6.00% 6.75%, 8/02/17                                        | USD 585      | \$ 527,376 |
| Tronox Worldwide LLC:                                                                 |              |            |
| Delayed Draw Term Loan, 1.00%, 2/08/18                                                | 200          | 200,133    |
| Term Loan B, 4.25%, 2/08/18                                                           | 735          | 733,820    |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17                                             | 1,072        | 1,063,144  |
|                                                                                       |              | 6,996,467  |
| <b>Commercial Services &amp; Supplies 3.9%</b>                                        |              |            |
| Altegrity, Inc. (FKA US Investigations Services),                                     |              |            |
| Tranche D Term Loan, 7.75%, 2/20/15                                                   | 930          | 928,343    |
| ARAMARK Corp.:                                                                        |              |            |
| Letter of Credit 2 Facility, 3.55%, 7/26/16                                           | 22           | 21,615     |
| Term Loan B, 3.83%, 7/26/16                                                           | 307          | 303,939    |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                          | 484          | 482,246    |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16                                    | 1,000        | 1,001,070  |
| International Lease Finance Corp., Term Loan B1,<br>6.75%, 3/17/15                    | 40           | 40,067     |
| KAR Auction Services, Inc., Term Loan B, 5.00%,<br>5/19/17                            | 1,343        | 1,341,571  |
| Synagro Technologies, Inc., Term Loan B,<br>2.25% 2.26%, 4/02/14                      | 859          | 768,985    |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16                 | 518          | 520,599    |
| West Corp.:                                                                           |              |            |
| Term Loan B4, 4.49% 4.78%, 7/15/16                                                    | 68           | 67,737     |
| Term Loan B5, 4.49% 4.51%, 7/15/16                                                    | 131          | 130,786    |
|                                                                                       |              | 5,606,958  |
| <b>Communications Equipment 1.2%</b>                                                  |              |            |
| Avaya, Inc.:                                                                          |              |            |
| Term Loan B1, 3.24%, 10/24/14                                                         | 612          | 598,511    |
| Term Loan B3, 4.99%, 10/26/17                                                         | 360          | 349,117    |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18                                          | 768          | 768,025    |
|                                                                                       |              | 1,715,653  |
| <b>Construction &amp; Engineering 0.9%</b>                                            |              |            |
| BakerCorp. International, Inc., Term Loan B, 5.00%,<br>6/01/18                        |              |            |
|                                                                                       | 428          | 427,208    |
| Safeway Services, LLC, First Out Tranche Loan,<br>9.00%, 12/16/17                     | 900          | 900,000    |
|                                                                                       |              | 1,327,208  |
| <b>Consumer Finance 1.5%</b>                                                          |              |            |
| Springleaf Financial Funding Co. (FKA AGFS Funding<br>Co.), Term Loan, 5.50%, 5/10/17 | 2,435        | 2,219,770  |
| <b>Containers &amp; Packaging 0.7%</b>                                                |              |            |
| Berry Plastics Holding Corp., Term Loan C, 2.25%,<br>4/03/15                          | 137          | 133,643    |
| Sealed Air Corp., Term Loan B, 4.75%, 10/03/18                                        | 827          | 835,392    |
|                                                                                       |              | 969,035    |
| <b>Diversified Consumer Services 3.0%</b>                                             |              |            |
| Coinmach Service Corp., Term Loan, 3.41%,<br>11/20/14                                 | 1,341        | 1,234,644  |

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|                                                                                      |     |              |    |              |
|--------------------------------------------------------------------------------------|-----|--------------|----|--------------|
| Laureate Education, Inc., Extended Term Loan, 5.25%, 8/15/18                         |     | 2,029        |    | 1,936,218    |
| ServiceMaster Co.:                                                                   |     |              |    |              |
| Delayed Draw Term Loan, 2.75%, 7/24/14                                               |     | 110          |    | 108,583      |
| Term Loan, 2.77% 3.03%, 7/24/14                                                      |     | 1,104        |    | 1,090,358    |
|                                                                                      |     |              |    | 4,369,803    |
| <b>Diversified Financial Services 1.5%</b>                                           |     |              |    |              |
| Reynolds Group Holdings, Inc.:                                                       |     |              |    |              |
| Tranche B Term Loan, 6.50%, 2/09/18                                                  |     | 687          |    | 693,461      |
| Tranche C Term Loan, 5.25% 6.50%, 8/09/18                                            |     | 1,480        |    | 1,495,616    |
|                                                                                      |     |              |    | 2,189,077    |
|                                                                                      |     | <b>Par</b>   |    | <b>Value</b> |
|                                                                                      |     | <b>(000)</b> |    |              |
| <b>Floating Rate Loan Interests (b)</b>                                              |     |              |    |              |
| <b>Diversified Telecommunication Services 4.2%</b>                                   |     |              |    |              |
| Hawaiian Telcom Communications, Inc., Term Loan B, 9.00%, 2/25/17                    | USD | 565          | \$ | 563,587      |
| Integra Telecom Holdings, Inc., Term Loan B, 9.25%, 4/15/15                          |     | 788          |    | 693,440      |
| Level 3 Financing, Inc.:                                                             |     |              |    |              |
| Term Loan B2, 5.75%, 9/03/18                                                         |     | 2,000        |    | 2,013,760    |
| Term Loan B3, 5.75%, 8/31/18                                                         |     | 650          |    | 654,472      |
| Tranche A Term Loan, 2.50% 2.83%, 3/13/14                                            |     | 1,300        |    | 1,278,550    |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                                    |     | 894          |    | 847,014      |
|                                                                                      |     |              |    | 6,050,823    |
| <b>Electronic Equipment, Instruments &amp; Components 1.2%</b>                       |     |              |    |              |
| CDW LLC (FKA CDW Corp.), Extended Term Loan, 3.75% 4.00%, 7/14/17                    |     | 930          |    | 908,773      |
| Flextronics International Ltd., Delayed Draw:                                        |     |              |    |              |
| Term Loan A-2, 2.52%, 10/01/14                                                       |     | 24           |    | 23,590       |
| Term Loan A-3, 2.49%, 10/01/14                                                       |     | 20           |    | 20,220       |
| Sensata Technologies Finance Co., LLC, New Term Loan, 4.00%, 5/11/18                 |     | 810          |    | 807,808      |
|                                                                                      |     |              |    | 1,760,391    |
| <b>Energy Equipment &amp; Services 2.9%</b>                                          |     |              |    |              |
| CCS Corp.:                                                                           |     |              |    |              |
| Incremental Term Loan, 6.50%, 10/17/14                                               |     | 405          |    | 405,405      |
| Term Loan B, 3.24%, 11/14/14                                                         |     | 871          |    | 842,719      |
| Dynegy Holdings, Inc.:                                                               |     |              |    |              |
| Coal Co. Term Loan, 9.25%, 8/04/16                                                   |     | 520          |    | 516,777      |
| Gas Co. Term Loan, 9.25%, 8/04/16                                                    |     | 677          |    | 698,638      |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18                                        |     | 1,746        |    | 1,742,046    |
|                                                                                      |     |              |    | 4,205,585    |
| <b>Food &amp; Staples Retailing 1.6%</b>                                             |     |              |    |              |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.60%, 7/09/15    | GBP | 675          |    | 980,851      |
| B&G Foods, Inc., Term Loan B, 4.50%, 11/30/18                                        | USD | 200          |    | 200,450      |
| Bolthouse Farms, Inc., Term Loan (First Lien), 5.50% 5.75%, 2/11/16                  |     | 270          |    | 269,971      |
| U.S. Foodservice, Inc., Term Loan B, 2.74% 2.75%, 7/03/14                            |     | 904          |    | 872,026      |
|                                                                                      |     |              |    | 2,323,298    |
| <b>Food Products 3.2%</b>                                                            |     |              |    |              |
| Advance Pierre Foods, Term Loan:                                                     |     |              |    |              |
| (First Lien), 7.00%, 9/30/16                                                         |     | 1,027        |    | 1,027,173    |
| (Second Lien), 11.25%, 9/29/17                                                       |     | 655          |    | 655,544      |
| Del Monte Corp., Term Loan, 4.50%, 3/08/18                                           |     | 1,339        |    | 1,312,843    |
| Michaels Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 4.25%, 2/23/18 |     | 83           |    | 82,795       |
| Pinnacle Foods Finance LLC:                                                          |     |              |    |              |
|                                                                                      |     | 50           |    | 49,461       |

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|                                                                                       |     |           |
|---------------------------------------------------------------------------------------|-----|-----------|
| Tranche B Term Loan, 2.76% 3.08%,<br>4/02/14                                          |     |           |
| Tranche D Term Loan, 6.00% 6.50%,<br>4/02/14                                          | 537 | 539,283   |
| Solvest, Ltd. (Dole):                                                                 |     |           |
| Tranche B-2 Term Loan, 5.00% 6.00%,<br>7/06/18                                        | 299 | 300,492   |
| Tranche C-2 Term Loan, 5.00% 6.00%,<br>7/06/18                                        | 556 | 558,057   |
|                                                                                       |     | 4,525,648 |
| <b>Health Care Equipment &amp; Supplies 1.9%</b>                                      |     |           |
| Biomet, Inc., Term Loan B, 3.24% 3.57%, 3/25/15                                       | 363 | 359,059   |
| DJO Finance LLC (FKA ReAble Therapeutics Finance<br>LLC), Term Loan B, 3.24%, 5/20/14 | 545 | 537,349   |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                                      | 410 | 409,746   |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                                       | 404 | 401,323   |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                                            | 953 | 959,043   |
|                                                                                       |     | 2,666,520 |

See Notes to Consolidated Financial Statements.



## Consolidated Schedule of Investments (continued)

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

|                                                                                                        | Par<br>(000) | Value     |
|--------------------------------------------------------------------------------------------------------|--------------|-----------|
| <b>Floating Rate Loan Interests (b)</b>                                                                |              |           |
| <b>Health Care Providers &amp; Services 4.7%</b>                                                       |              |           |
| CHS/Community Health Systems, Inc.:                                                                    |              |           |
| Non-Extended Delayed Draw Term Loan,<br>3.25%, 7/25/14                                                 | USD 40       | \$ 39,609 |
| Non-Extended Term Loan, 2.49% 4.50%,<br>7/25/14                                                        | 742          | 732,318   |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                                                             | 693          | 691,053   |
| DaVita, Inc., Term Loan B, 4.50%, 10/20/16                                                             | 891          | 893,040   |
| Emergency Medical Services, Term Loan, 5.25%,<br>5/25/18                                               | 887          | 884,128   |
| Harden Healthcare LLC:                                                                                 |              |           |
| Term Loan, 8.50%, 3/02/15                                                                              | 328          | 321,325   |
| Tranche A Additional Term Loan, 7.75%,<br>3/02/15                                                      | 576          | 564,886   |
| HCA, Inc.:                                                                                             |              |           |
| Tranche B-2 Term Loan, 3.83%, 3/31/17                                                                  | 368          | 362,826   |
| Tranche B-3 Term Loan, 3.49%, 5/01/18                                                                  | 136          | 133,271   |
| Health Management Associates, Inc., Term Loan B,<br>4.50%, 11/16/18                                    | 300          | 298,050   |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.):                                                      |              |           |
| Combined Term Loan, 6.50%, 8/04/16                                                                     | 696          | 668,802   |
| Incremental Term Loan B-3, 6.75%, 5/15/18                                                              | 452          | 433,655   |
| Medpace, Inc., Term Loan, 6.50% 7.25%,<br>6/16/17                                                      | 647          | 620,880   |
| Vanguard Health Holding Co. II, LLC (Vanguard<br>Health Systems, Inc.), Term Loan B, 5.00%,<br>1/29/16 | 70           | 69,650    |
|                                                                                                        |              | 6,713,493 |
| <b>Health Care Technology 1.3%</b>                                                                     |              |           |
| IMS Health, Inc., Term Loan B, 4.50%, 8/25/17                                                          | 637          | 637,340   |
| Kinetic Concepts, Inc., Term Loan B, 7.00%,<br>5/04/18                                                 | 835          | 848,569   |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16                                                            | 426          | 425,969   |
|                                                                                                        |              | 1,911,878 |
| <b>Hotels, Restaurants &amp; Leisure 5.7%</b>                                                          |              |           |
| Ameristar Casinos, Inc., Term Loan B, 4.00%,<br>4/13/18                                                | 645          | 646,067   |
| Boyd Gaming Corp., Incremental Term Loan, 6.00%,<br>12/17/15                                           | 450          | 451,053   |
| Caesars Entertainment Operating Co., Inc.:                                                             |              |           |
| Term Loan B3, 3.24%, 1/28/15                                                                           | 238          | 223,225   |
| Term Loan B3, 3.00% 3.58%, 1/28/15                                                                     | 2,734        | 2,561,924 |
| Term Loan B4, 9.50%, 10/31/16                                                                          | 671          | 690,360   |
| Dunkin' Brands, Inc., Term Loan B, 4.00% 5.25%,<br>11/23/17                                            | 1,006        | 1,002,653 |
| Golden Living, Term Loan, 5.00%, 5/04/18                                                               | 167          | 157,361   |
| OSI Restaurant Partners LLC:                                                                           |              |           |
| Revolver, 2.56% 2.79%, 6/14/13                                                                         | 5            | 4,816     |
| Term Loan B, 2.56%, 6/14/14                                                                            | 50           | 48,854    |
| Seaworld Parks & Entertainment, Inc. (FKA SW<br>Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17   | 713          | 712,200   |

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|                                                                                                |                      |              |
|------------------------------------------------------------------------------------------------|----------------------|--------------|
| Six Flags Theme Parks, Inc., Tranche B Term Loan<br>(First Lien), 4.25%, 12/20/18              | 800                  | 796,504      |
| Station Casinos, Inc., Term Loan B1, 3.24%,<br>6/17/16                                         | 550                  | 495,918      |
| Twin River Worldwide Holdings, Inc., Term Loan,<br>8.50%, 11/05/15                             | 402                  | 401,745      |
|                                                                                                |                      | 8,192,680    |
| <b>Household Products 0.6%</b>                                                                 |                      |              |
| Prestige Brands International, Inc., Term Loan,<br>5.25%, 1/31/19                              | 790                  | 792,962      |
|                                                                                                |                      |              |
| <b>Floating Rate Loan Interests (b)</b>                                                        | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>Independent Power Producers &amp;<br/>Energy Traders 0.9%</b>                               |                      |              |
| AES Corp., Term Loan, 4.25%, 6/01/18                                                           | USD 993              | \$ 991,507   |
| Texas Competitive Electric Holdings Co. LLC (TXU),<br>Extended Term Loan, 4.76%, 10/10/17      | 655                  | 365,590      |
|                                                                                                |                      | 1,357,097    |
| <b>Industrial Conglomerates 1.4%</b>                                                           |                      |              |
| Sequa Corp.:                                                                                   |                      |              |
| Incremental Term Loan, 6.25%, 12/03/14                                                         | 350                  | 351,165      |
| Term Loan, 3.76% 3.84%, 12/03/14                                                               | 1,671                | 1,653,163    |
|                                                                                                |                      | 2,004,328    |
| <b>Insurance 0.6%</b>                                                                          |                      |              |
| CNO Financial Group, Inc., Term Loan B, 6.25%,<br>9/30/16                                      | 834                  | 837,436      |
| <b>Internet Software &amp; Services 0.4%</b>                                                   |                      |              |
| Web.com Group, Inc., Term Loan B, 7.00%,<br>10/27/17                                           | 625                  | 609,912      |
| <b>IT Services 5.2%</b>                                                                        |                      |              |
| Ceridian Corp., Term Loan, 3.24%, 11/10/14                                                     | 749                  | 708,146      |
| First Data Corp.:                                                                              |                      |              |
| Extended Term Loan B, 4.24%, 3/23/18                                                           | 3,559                | 3,194,007    |
| Term Loan B-1, 2.99%, 9/24/14                                                                  | 467                  | 446,270      |
| Term Loan B-3, 2.99%, 9/24/14                                                                  | 78                   | 74,959       |
| infoGROUP, Inc., Term Loan B, 5.75%, 5/22/18                                                   | 376                  | 351,314      |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17                                                    | 358                  | 355,891      |
| NeuStar, Inc., Term Loan B, 5.00%, 11/08/18                                                    | 469                  | 469,997      |
| SunGard Data Systems, Inc. (Solar Capital Corp.),<br>Tranche B Term Loan, 3.99% 4.15%, 2/26/16 | 161                  | 160,279      |
| TransUnion LLC, Term Loan B, 4.75%, 2/12/18                                                    | 1,729                | 1,730,348    |
|                                                                                                |                      | 7,491,211    |
| <b>Leisure Equipment &amp; Products 0.2%</b>                                                   |                      |              |
| Eastman Kodak Co., DIP Term Loan B, 8.50%,<br>7/20/13                                          | 315                  | 318,840      |
| <b>Machinery 1.5%</b>                                                                          |                      |              |
| Terex Corp.:                                                                                   |                      |              |
| Term Loan, 6.00%, 4/28/17                                                                      | EUR 70               | 92,330       |
| Term Loan B, 5.50%, 4/28/17                                                                    | USD 694              | 698,536      |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16                                                       | 1,349                | 1,347,452    |
|                                                                                                |                      | 2,138,318    |
| <b>Media 18.0%</b>                                                                             |                      |              |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18                                                        | 352                  | 349,577      |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%,<br>10/10/16                                  | 810                  | 757,867      |
| AMC Entertainment, Inc., Term Loan B3, 4.25%,<br>2/22/18                                       | 375                  | 370,009      |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18                                               | 896                  | 889,903      |
| Atlantic Broadband Finance LLC, Term Loan B,<br>4.00%, 3/08/16                                 | 481                  | 479,357      |
|                                                                                                | 1,584                | 1,578,725    |

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|                                                                      |       |           |
|----------------------------------------------------------------------|-------|-----------|
| Bresnan Telecommunications Co., LLC, Term Loan B,<br>4.50%, 12/14/17 |       |           |
| Capsugel Healthcare Ltd., Term Loan, 5.25%,<br>8/01/18               | 698   | 702,237   |
| Catalina Marketing Corp., Term Loan B, 2.99%,<br>10/01/14            | 728   | 707,330   |
| Cengage Learning Acquisitions, Inc.:<br>Term Loan, 2.49%, 7/03/14    | 352   | 326,427   |
| Tranche 1 Incremental Term Loan, 7.50%,<br>7/03/14                   | 494   | 478,112   |
| Cequel Communications LLC, Term Loan B, 4.00%,<br>2/11/19            | 1,255 | 1,242,161 |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                                                                              |     | Par<br>(000) | Value      |
|--------------------------------------------------------------------------------------------------------------|-----|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>                                                                      |     |              |            |
| <b>Media (concluded)</b>                                                                                     |     |              |            |
| Charter Communications Operating LLC:                                                                        |     |              |            |
| Term Loan, 7.25%, 3/06/14                                                                                    | USD | 14           | \$ 14,353  |
| Term Loan C, 3.83%, 9/06/16                                                                                  |     | 1,155        | 1,145,838  |
| Clarke American Corp., Term Facility B,<br>2.74% 3.08%, 6/30/14                                              |     | 264          | 240,975    |
| Clear Channel Communication:                                                                                 |     |              |            |
| Term Loan B, 3.89%, 1/28/16                                                                                  |     | 1,410        | 1,157,157  |
| Term Loan C, 3.89%, 1/28/16                                                                                  |     | 185          | 146,612    |
| Cumulus Media, Inc., Term Loan, 5.75%, 9/17/18                                                               |     | 705          | 705,585    |
| Gray Television, Inc., Term Loan B, 3.77%, 12/31/14                                                          |     | 735          | 725,914    |
| HMH Publishing Co. Ltd., Term Loan, 6.51%,<br>6/12/14                                                        |     | 735          | 454,325    |
| Hubbard Broadcasting, Term Loan B (Second Lien),<br>5.25%, 4/28/17                                           |     | 498          | 497,913    |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson<br>Holdings Ltd.), Tranche B Term Loan, 5.25%,<br>4/02/18 |     | 3,474        | 3,467,845  |
| Interactive Data Corp., Term Loan B, 4.50%,<br>2/12/18                                                       |     | 1,538        | 1,534,914  |
| Kabel Deutschland GmbH, Term Loan F, 4.25%,<br>2/01/19                                                       |     | 735          | 731,325    |
| Knology, Inc., Term Loan B, 4.00%, 8/18/17                                                                   |     | 345          | 341,730    |
| Lavena Holding 4 GmbH (Prosiebensat. I Media AG),<br>Term Loan B, 3.81%, 3/06/15                             | EUR | 304          | 351,749    |
| LIN Television Corp., Term Loan B, 5.00%,<br>12/21/18                                                        | USD | 375          | 376,875    |
| Newsday LLC, Fixed Rate Term Loan, 10.50%,<br>8/01/13                                                        |     | 1,325        | 1,363,094  |
| Nielsen Finance LLC, Class C Term Loan, 4.01%,<br>5/02/16                                                    |     | 728          | 730,085    |
| Sinclair Television Group, Inc.:                                                                             |     |              |            |
| Incremental Term Loan B3, 10/28/16                                                                           |     | 150          | 149,296    |
| New Tranche B Term Loan, 4.00%, 10/28/16                                                                     |     | 589          | 586,102    |
| Univision Communications, Inc., Extended First Lien<br>Term Loan, 4.49%, 3/31/17                             |     | 1,116        | 1,036,492  |
| UPC Broadband Holding B.V., Term Loan U, 4.72%,<br>12/29/17                                                  | EUR | 210          | 275,005    |
| UPC Financing Partnership:                                                                                   |     |              |            |
| Term Loan, 4.75%, 12/29/17                                                                                   | USD | 530          | 529,072    |
| Term Loan T, 3.77%, 12/30/16                                                                                 |     | 95           | 93,409     |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18                                                                  |     | 250          | 248,956    |
| Weather Channel, Term Loan B, 4.25%, 2/13/17                                                                 |     | 1,111        | 1,111,817  |
|                                                                                                              |     |              | 25,898,143 |
| <b>Metals &amp; Mining 2.6%</b>                                                                              |     |              |            |
| Novelis, Inc., Term Loan, 4.00%, 3/10/17                                                                     |     | 1,514        | 1,506,780  |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18                                                            |     | 498          | 496,256    |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18                                                             |     | 1,737        | 1,729,179  |
|                                                                                                              |     |              | 3,732,215  |
| <b>Multi-Utilities 0.1%</b>                                                                                  |     |              |            |
|                                                                                                              |     | 151          | 141,943    |

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FirstLight Power Resources, Inc. (FKA NE Energy, Inc.), Term B Advance (First Lien), 2.75%, 11/01/13

**Multiline Retail 1.2%**

99 Cents Only Stores, Term Loan B, 7.00%, 1/11/19

600 603,858

Dollar General Corp., Tranche B-2 Term Loan, 3.00% 3.33%, 7/07/14

360 360,609

Hema Holding BV:

Term Loan B, 2.69%, 7/05/16

EUR 205 263,590

Term Loan C, 3.44%, 7/06/15

205 262,221

The Neiman Marcus Group, Inc., Term Loan, 4.75%, 5/16/18

USD 200 198,400

1,688,678

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

**Floating Rate Loan Interests (b)**

**Oil, Gas & Consumable Fuels 1.9%**

EquiPower Resources Holdings LLC, Term Loan B, 5.75%, 1/26/18

USD 819 \$ 769,961

Gibson Energy, Term Loan B, 5.75%, 6/15/18

945 946,233

Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15

980 985,077

2,701,271

**Paper & Forest Products 0.7%**

NewPage Corp., DIP Term Loan, 8.00%, 3/07/13

250 251,875

Verso Paper Finance Holdings LLC, Term Loan, 6.79% 7.54%, 2/01/13

1,469 734,309

986,184

**Pharmaceuticals 3.8%**

Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17

1,139 1,128,823

Endo Pharmaceuticals Holdings, Inc., Term Loan B, 4.00%, 6/18/18

187 186,833

Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18

950 958,313

Quintiles Transnational Corp., Term Loan B, 5.00%, 6/08/18

677 672,128

RPI Finance Trust, Term Loan Tranche 2, 4.00%, 5/09/18

498 496,624

Taminco Global Chemical Corp., New Term Loan, 6.25%, 2/15/19

335 336,377

Valeant Pharmaceuticals International, Add on Term Loan B, 3.75%, 2/08/19

1,210 1,206,225

Warner Chilcott Corp.:

Term Loan B-1, 4.25%, 3/15/18

363 362,118

Term Loan B-2, 4.25%, 3/15/18

181 181,059

5,528,500

**Professional Services 1.4%**

Booz Allen Hamilton, Inc., Tranche B Term Loan, 4.00%, 8/03/17

336 336,482

Emdeon, Inc., Term Loan B, 6.75%, 11/02/18

1,000 1,011,430

Fifth Third Processing Solutions LLC, Term Loan B (First Lien), 4.50%, 11/03/16

712 712,521

2,060,433

**Real Estate Investment Trusts (REITs) 0.7%**

iStar Financial, Inc., Term Loan (Second Lien), 5.00%, 6/28/13

983 978,385

**Real Estate Management & Development 1.0%**

Mattamy Funding Partnership, Term Loan B, 2.75%, 4/11/13

226 214,517

Realogy Corp.:

Delayed Draw Term Loan, 3.25%, 10/10/13

29 27,404

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|                                                                         |       |           |
|-------------------------------------------------------------------------|-------|-----------|
| Extended Synthetic Letter of Credit Loan, 4.53%,<br>10/10/16            | 45    | 41,787    |
| Extended Term Loan, 4.77%, 10/10/16                                     | 1,230 | 1,140,830 |
|                                                                         |       | 1,424,538 |
| <b>Road &amp; Rail 0.8%</b>                                             |       |           |
| Avis Budget Car Rental LLC, Incremental Term Loan,<br>6.25%, 9/21/18    | 559   | 564,046   |
| RailAmerica, Inc., Term Loan B, 4.00%, 2/27/19                          | 545   | 543,638   |
|                                                                         |       | 1,107,684 |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.7%</b>            |       |           |
| Freescale Semiconductor, Inc., Extended Term<br>Loan B, 4.52%, 12/01/16 | 464   | 451,646   |
| NXP B.V., Term Loan A-2, 5.50%, 3/03/17                                 | 599   | 594,309   |
|                                                                         |       | 1,045,955 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                      | Par<br>(000) | Value       |
|----------------------------------------------------------------------|--------------|-------------|
| <b>Floating Rate Loan Interests (b)</b>                              |              |             |
| <b>Software 1.5%</b>                                                 |              |             |
| Blackboard, Inc., Term Loan B, 7.50%, 10/04/18                       | USD 295      | \$ 291,067  |
| Datatel, Inc., Term Loan B, 6.25%, 7/19/18                           | 600          | 606,252     |
| Infor Enterprise Solutions Holdings, Inc.:                           |              |             |
| Extended Delayed Draw Term Loan, 7/28/15                             | 21           | 20,344      |
| Extended Initial Term Loan, 7/28/15                                  | EUR 225      | 282,531     |
| Extended Initial Term Loan, 7/28/15                                  | USD 39       | 38,306      |
| Rovi Corp., Tranche B Term Loan, 4.00%, 2/07/18                      | 546          | 545,193     |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                         | 356          | 353,372     |
|                                                                      |              | 2,137,065   |
| <b>Specialty Retail 4.6%</b>                                         |              |             |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                              | 900          | 899,901     |
| Bass Pro Group LLC, Term Loan, 5.25%, 6/13/17                        | 70           | 69,700      |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/23/17 | 455          | 454,812     |
| Claire's Stores, Inc., Term Loan B, 2.99% 3.30%, 5/29/14             | 232          | 219,642     |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18         | 940          | 937,218     |
| The Gymboree Corp., Term Loan B, 5.00%, 2/23/18                      | 345          | 324,386     |
| Jo-Ann Stores, Inc., Term Loan, 4.75%, 3/16/18                       | 372          | 366,867     |
| Michaels Stores, Inc.:                                               |              |             |
| Extended Term Loan B-2, 5.13%, 7/29/16                               | 711          | 706,910     |
| Extended Term Loan B3, 5.13%, 7/29/16                                | 392          | 389,800     |
| Petco Animal Supplies, Inc., Term Loan B, 4.50%, 11/24/17            | 1,080        | 1,075,043   |
| Toys 'R Us Delaware, Inc.:                                           |              |             |
| Term Loan B1, 6.00%, 9/01/16                                         | 921          | 922,306     |
| Term Loan B2, 5.25%, 5/25/18                                         | 298          | 294,216     |
|                                                                      |              | 6,660,801   |
| <b>Wireless Telecommunication Services 2.2%</b>                      |              |             |
| Crown Castle International Corp., Term Loan B, 4.00%, 1/25/19        | 1,075        | 1,070,109   |
| MetroPCS Wireless, Inc.:                                             |              |             |
| Term Loan B-3, 4.00% 4.06%, 3/16/18                                  | 147          | 145,551     |
| Tranche B-2 Term Loan, 4.07% 4.13%, 11/03/16                         | 476          | 472,207     |
| Vodafone Americas Finance 2, Inc.:                                   |              |             |
| Term Loan, 6.88%, 8/11/15 (g)                                        | 1,211        | 1,211,003   |
| Term Loan B, 6.25%, 7/11/16                                          | 309          | 308,602     |
|                                                                      |              | 3,207,472   |
| <b>Total Floating Rate Loan Interests 106.8%</b>                     |              | 153,618,544 |
| <b>Other Interests (j)</b>                                           |              |             |
| <b>Chemicals 0.0%</b>                                                |              |             |
| Wellman Holdings, Inc., Litigation Trust Certificate                 | 2,000        | 20          |
| <b>Diversified Financial Services 0.2%</b>                           |              |             |
| J.G.Wentworth LLC Preferred Equity Interests (c)                     | (k)          | 311,526     |

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|                                   |         |
|-----------------------------------|---------|
| <b>Total Other Interests</b> 0.2% | 311,546 |
|-----------------------------------|---------|

|                                         |               |             |
|-----------------------------------------|---------------|-------------|
| <b>Warrants (l)</b> 0.0%                | <b>Shares</b> |             |
| <b>Software</b> 0.0%                    |               |             |
| HMH Holdings/EduMedia (Expires 3/09/17) | 5,330         |             |
| <b>Total Long-Term Investments</b>      |               |             |
| <b>(Cost \$185,371,855)</b> 127.7%      |               | 183,712,687 |

|                                                                           |               |              |
|---------------------------------------------------------------------------|---------------|--------------|
| <b>Short-Term Securities</b>                                              | <b>Shares</b> | <b>Value</b> |
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.11% (m)(n) | 2,382,746     | \$ 2,382,746 |
| <b>Total Short-Term Securities</b>                                        |               |              |
| <b>(Cost \$2,382,746)</b> 1.7%                                            |               | 2,382,746    |

|                                                                                                                    |                  |
|--------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Options Purchased</b>                                                                                           | <b>Contracts</b> |
| <b>Over-the-Counter Call Options</b> 0.0%                                                                          |                  |
| Marsico Parent Superholdco LLC, Strike Price<br>USD 942.86, Expires 12/14/19,<br>Broker Goldman Sachs Bank USA (a) | 11               |
| <b>Total Options Purchased</b>                                                                                     |                  |
| <b>(Cost \$10,755)</b> 0.0%                                                                                        |                  |
| <b>Total Investments (Cost \$187,765,356)</b> 129.4%                                                               | 186,095,433      |
| <b>Liabilities in Excess of Other Assets</b> (29.4)%                                                               | (42,322,482)     |
| <b>Net Assets</b> 100.0%                                                                                           | \$ 143,772,951   |

- (a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) Restricted security as to resale. As of report date the Fund held 0.73% of its net assets, with a current value of \$1,048,779 and an original cost of \$189,704 in this security.
- (e) Convertible security.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (h) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (i) Issuer filed for bankruptcy and/or is in default of interest payments.
- (j) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
- (k) Amount is less than \$500.
- (l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (m) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:



| <b>Affiliate</b>                                               | <b>Shares Held at<br/>February 28,<br/>2011</b> | <b>Net<br/>Activity</b> | <b>Shares Held at<br/>February 29,<br/>2012</b> | <b>Income</b> |
|----------------------------------------------------------------|-------------------------------------------------|-------------------------|-------------------------------------------------|---------------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 2,714,267                                       | (331,521)               | 2,382,746                                       | \$ 1,960      |

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

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (concluded)

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

Foreign currency exchange contracts as of February 29, 2012 were as follows:

|              | Currency<br>Purchased |     | Currency<br>Sold | Counterparty     | Settlement<br>Date | Unrealized<br>Appreciation<br>(Depreciation) |
|--------------|-----------------------|-----|------------------|------------------|--------------------|----------------------------------------------|
| USD          | 878,364               | GBP | 573,000          | UBS AG           | 4/11/12            | \$ (32,963)                                  |
| EUR          | 218,000               | USD | 288,382          | Citibank NA      | 4/18/12            | 2,116                                        |
| EUR          | 213,000               | USD | 282,391          | Deutsche Bank AG | 4/18/12            | 1,444                                        |
| USD          | 3,065,459             | EUR | 2,386,500        | Citibank NA      | 4/18/12            | (114,697)                                    |
| USD          | 285,175               | EUR | 215,000          | Citibank NA      | 4/18/12            | (1,326)                                      |
| <b>Total</b> |                       |     |                  |                  |                    | \$ (145,426)                                 |

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

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

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

The following tables summarize the inputs used as of February 29, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs             | Level 1   | Level 2      | Level 3      | Total        |
|------------------------------|-----------|--------------|--------------|--------------|
| <b>Assets:</b>               |           |              |              |              |
| Investments:                 |           |              |              |              |
| Long-Term Investments:       |           |              |              |              |
| Asset-Backed Securities      |           | \$ 1,730,769 | \$ 3,012,124 | \$ 4,742,893 |
| Common Stocks                | \$ 14,112 | 1,048,779    | 16,744       | 1,079,635    |
| Corporate Bonds              |           | 22,096,969   | 1,863,100    | 23,960,069   |
| Floating Rate Loan Interests |           | 144,175,617  | 9,442,927    | 153,618,544  |
| Other Interests              |           |              | 311,546      | 311,546      |
| Warrants                     |           |              |              |              |
| Short-Term Securities        | 2,382,746 |              |              | 2,382,746    |

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|              |    |           |    |             |    |            |    |             |
|--------------|----|-----------|----|-------------|----|------------|----|-------------|
| <b>Total</b> | \$ | 2,396,858 | \$ | 169,052,134 | \$ | 14,646,441 | \$ | 186,095,433 |
|--------------|----|-----------|----|-------------|----|------------|----|-------------|

| Valuation Inputs                              | Level 1 | Level 2      | Level 3 | Total        |
|-----------------------------------------------|---------|--------------|---------|--------------|
| Derivative Financial Instruments <sup>1</sup> |         |              |         |              |
| <b>Assets:</b>                                |         |              |         |              |
| Foreign currency exchange contracts           |         | \$ 3,560     |         | \$ 3,560     |
| <b>Liabilities:</b>                           |         |              |         |              |
| Foreign currency exchange contracts           |         | (148,986)    |         | (148,986)    |
| <b>Total</b>                                  |         | \$ (145,426) |         | \$ (145,426) |

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

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

|                                                                 | Asset-Backed Securities | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Unfunded Loan Commitments Assets | Unfunded Loan Commitments (Liabilities) | Total         |
|-----------------------------------------------------------------|-------------------------|---------------|-----------------|------------------------------|-----------------|----------------------------------|-----------------------------------------|---------------|
| <b>Assets/Liabilities:</b>                                      |                         |               |                 |                              |                 |                                  |                                         |               |
| Balance, as of February 28, 2011                                | \$ 4,537,295            | \$ 240,264    | \$ 1,839,313    | \$ 20,965,976                | \$ 299,336      | \$ 2,079                         | \$ (5,523)                              | \$ 27,878,740 |
| Accrued discounts/premiums                                      | 52,001                  |               | 56,702          | 192,896                      |                 |                                  |                                         | 301,599       |
| Net realized gain (loss)                                        | 5,598                   | 15            | (1,818,719)     | 132,341                      |                 |                                  |                                         | (1,680,765)   |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | (198,420)               | (222,730)     | 2,059,186       | (1,297,119)                  | 2,378           | (2,079)                          | 5,523                                   | 346,739       |
| Purchases                                                       |                         |               | 5,005           | 2,924,771                    | 9,832           |                                  |                                         | 2,939,608     |
| Sales                                                           | (944,350)               | (805)         | (278,387)       | (9,198,408)                  |                 |                                  |                                         | (10,421,950)  |
| Transfers in <sup>3</sup>                                       |                         |               |                 | 948,026                      |                 |                                  |                                         | 948,026       |
| Transfers out <sup>3</sup>                                      | (440,000)               |               |                 | (5,225,556)                  |                 |                                  |                                         | (5,665,556)   |
| <b>Balance, as of February 29, 2012</b>                         | \$ 3,012,124            | \$ 16,744     | \$ 1,863,100    | \$ 9,442,927                 | \$ 311,546      |                                  |                                         | \$ 14,646,441 |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on securities still held on February 29, 2012 was \$(1,481,409).

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

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments February 29, 2012

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

|                                                                              | Par<br>(000) | Value            |
|------------------------------------------------------------------------------|--------------|------------------|
| <b>Asset-Backed Securities</b>                                               |              |                  |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23 | USD 335      | \$ 355,100       |
| ARES CLO Funds, Series 2005-10A, Class B, 0.95%, 9/18/17 (a)(b)              | 500          | 462,690          |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 1.04%, 6/19/21 (a)(b)      | 635          | 539,934          |
| CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16                           | 500          | 503,150          |
| Franklin CLO Ltd., Series 6A, Class B, 0.97%, 8/09/19 (a)(b)                 | 810          | 688,338          |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.92%, 10/27/20 (b)         | 495          | 399,713          |
| Greyrock CDO Ltd., Series 2005-1X, Class A2L, 0.92%, 11/15/17 (b)            | 1,025        | 878,015          |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.95%, 11/15/21 (b)              | 645          | 553,087          |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 1.17%, 7/15/19 (a)(b)      | 560          | 485,660          |
| <b>Total Asset-Backed Securities 2.1%</b>                                    |              | <b>4,865,687</b> |

|                                         | Shares  |                  |
|-----------------------------------------|---------|------------------|
| <b>Common Stocks (c)</b>                |         |                  |
| <b>Chemicals 0.0%</b>                   |         |                  |
| GEO Specialty Chemicals, Inc.           | 142,466 | 65,534           |
| <b>Containers &amp; Packaging 0.1%</b>  |         |                  |
| Smurfit Kappa Plc                       | 18,171  | 184,484          |
| <b>Metals &amp; Mining 0.1%</b>         |         |                  |
| Euramax International                   | 935     | 271,121          |
| <b>Paper &amp; Forest Products 0.4%</b> |         |                  |
| Ainsworth Lumber Co. Ltd.               | 190,634 | 300,560          |
| Ainsworth Lumber Co. Ltd. (a)           | 371,556 | 585,808          |
|                                         |         | 886,368          |
| <b>Software 0.0%</b>                    |         |                  |
| HMH Holdings/EduMedia                   | 75,676  | 18,919           |
| <b>Total Common Stocks 0.6%</b>         |         | <b>1,426,426</b> |

|                                                            | Par<br>(000) |           |
|------------------------------------------------------------|--------------|-----------|
| <b>Corporate Bonds</b>                                     |              |           |
| <b>Aerospace &amp; Defense 0.9%</b>                        |              |           |
| Bombardier, Inc., 7.75%, 3/15/20 (a)                       | USD 900      | 1,044,000 |
| Huntington Ingalls Industries, Inc., 7.13%, 3/15/21        | 425          | 455,281   |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | 692          | 745,630   |
|                                                            |              | 2,244,911 |
| <b>Airlines 0.3%</b>                                       |              |           |
| Delta Air Lines, Inc., Series 2009-1-B, 9.75%, 6/17/18     | 89           | 93,860    |
| United Air Lines, Inc., 12.75%, 7/15/12                    | 589          | 609,872   |
|                                                            |              | 703,732   |

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**Auto Components 1.6%**

|                                            |       |           |
|--------------------------------------------|-------|-----------|
| Delphi Corp., 6.13%, 5/15/21 (a)           | 290   | 311,025   |
| Icahn Enterprises LP:                      |       |           |
| 7.75%, 1/15/16                             | 110   | 115,225   |
| 8.00%, 1/15/18                             | 2,690 | 2,851,400 |
| 8.00%, 1/15/18 (a)                         | 50    | 53,000    |
| Titan International, Inc., 7.88%, 10/01/17 | 490   | 520,625   |
| Venture Holdings Co. LLC (c)(d):           |       |           |
| 12.00%, 7/01/49                            | 700   |           |
| Series B, 9.50%, 7/01/05                   | 3,325 |           |
|                                            |       | 3,851,275 |

**Corporate Bonds**

|                                 | Par<br>(000) | Value     |
|---------------------------------|--------------|-----------|
| <b>Biotechnology 0.0%</b>       |              |           |
| QHP Pharma, 10.25%, 3/15/15 (a) | USD 98       | \$ 98,702 |

**Building Products 0.4%**

|                                          |     |         |
|------------------------------------------|-----|---------|
| Building Materials Corp. of America (a): |     |         |
| 7.00%, 2/15/20                           | 485 | 526,225 |
| 6.75%, 5/01/21                           | 410 | 445,875 |
|                                          |     | 972,100 |

**Capital Markets 0.8%**

|                                            |     |           |
|--------------------------------------------|-----|-----------|
| American Capital Ltd., 7.96%, 12/31/13 (e) | 600 | 611,124   |
| E*Trade Financial Corp., 12.50%, 11/30/17  | 935 | 1,089,275 |
| KKR Group Finance Co., 6.38%, 9/29/20 (a)  | 280 | 297,981   |
|                                            |     | 1,998,380 |

**Chemicals 3.2%**

|                                                   |       |           |
|---------------------------------------------------|-------|-----------|
| American Pacific Corp., 9.00%, 2/01/15            | 610   | 594,750   |
| Celanese US Holdings LLC, 5.88%, 6/15/21          | 300   | 327,000   |
| GEO Specialty Chemicals, Inc. (a):                |       |           |
| 7.50%, 3/31/15 (f)(g)                             | 1,869 | 2,223,661 |
| 10.00%, 3/31/15                                   | 1,839 | 1,838,720 |
| Huntsman International LLC, 8.63%, 3/15/21        | 150   | 169,500   |
| Ineos Finance Plc, 8.38%, 2/15/19 (a)             | 200   | 212,500   |
| Kinove German Bondco GmbH, 9.63%, 6/15/18 (a)     | 400   | 409,000   |
| Lyondell Chemical Co., 11.00%, 5/01/18            | 1,017 | 1,114,827 |
| LyondellBasell Industries NV, 6.00%, 11/15/21 (a) | 80    | 87,800    |
| Solutia, Inc., 7.88%, 3/15/20                     | 430   | 504,175   |
|                                                   |       | 7,481,933 |

**Commercial Banks 1.6%**

|                    |       |           |
|--------------------|-------|-----------|
| CIT Group, Inc.:   |       |           |
| 7.00%, 5/01/16     | 340   | 340,836   |
| 7.00%, 5/01/17     | 2,571 | 2,571,000 |
| 7.00%, 5/02/17 (a) | 400   | 400,500   |
| 5.50%, 2/15/19 (a) | 520   | 531,050   |
|                    |       | 3,843,386 |

**Commercial Services & Supplies 1.3%**

|                                                       |     |           |
|-------------------------------------------------------|-----|-----------|
| ARAMARK Corp., 8.50%, 2/01/15                         | 440 | 451,554   |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)       | 528 | 551,693   |
| Brickman Group Holdings, Inc., 9.13%,<br>11/01/18 (a) | 25  | 23,750    |
| The Geo Group, Inc., 7.75%, 10/15/17                  | 450 | 484,875   |
| Iron Mountain, Inc., 7.75%, 10/01/19                  | 290 | 320,450   |
| Mobile Mini, Inc., 7.88%, 12/01/20                    | 335 | 351,750   |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (a)       | 550 | 638,000   |
| West Corp., 8.63%, 10/01/18                           | 165 | 181,088   |
|                                                       |     | 3,003,160 |

**Communications Equipment 0.1%**

|                                                |     |         |
|------------------------------------------------|-----|---------|
| Hughes Satellite Systems Corp., 6.50%, 6/15/19 | 320 | 339,200 |
|------------------------------------------------|-----|---------|

**Consumer Finance 0.2%**

|                            |     |         |
|----------------------------|-----|---------|
| Ford Motor Credit Co. LLC: |     |         |
| 7.00%, 4/15/15             | 140 | 155,400 |

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|                                                          |     |           |
|----------------------------------------------------------|-----|-----------|
| 6.63%, 8/15/17                                           | 300 | 339,949   |
|                                                          |     | 495,349   |
| <b>Containers &amp; Packaging 1.0%</b>                   |     |           |
| Ball Corp.:                                              |     |           |
| 6.75%, 9/15/20                                           | 325 | 362,375   |
| 5.00%, 3/15/22 (h)                                       | 540 | 552,150   |
| Berry Plastics Corp., 8.25%, 11/15/15                    | 540 | 580,500   |
| Graphic Packaging International, Inc., 9.50%,<br>6/15/17 | 185 | 205,813   |
| Sealed Air Corp. (a):                                    |     |           |
| 8.13%, 9/15/19                                           | 405 | 457,650   |
| 8.38%, 9/15/21                                           | 110 | 125,950   |
|                                                          |     | 2,284,438 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                       | Par<br>(000) | Value        |
|-----------------------------------------------------------------------|--------------|--------------|
| <b>Corporate Bonds</b>                                                |              |              |
| <b>Diversified Financial Services 3.3%</b>                            |              |              |
| Ally Financial, Inc.:                                                 |              |              |
| 8.30%, 2/12/15                                                        | USD 3,670    | \$ 4,055,350 |
| 8.00%, 11/01/31                                                       | 40           | 44,650       |
| 8.00%, 11/01/31                                                       | 370          | 401,470      |
| Axcan Intermediate Holdings, Inc., 12.75%,<br>3/01/16                 | 296          | 315,610      |
| Reynolds Group Issuer, Inc. (a):                                      |              |              |
| 8.75%, 10/15/16 (i)                                                   | 850          | 905,250      |
| 7.13%, 4/15/19                                                        | 560          | 592,200      |
| 9.88%, 8/15/19                                                        | 710          | 733,963      |
| 6.88%, 2/15/21                                                        | 480          | 508,800      |
| WMG Acquisition Corp., 9.50%, 6/15/16 (a)                             | 105          | 116,025      |
|                                                                       |              | 7,673,318    |
| <b>Diversified Telecommunication Services 1.0%</b>                    |              |              |
| ITC Deltacom, Inc., 10.50%, 4/01/16                                   | 520          | 542,100      |
| Level 3 Financing, Inc.:                                              |              |              |
| 4.51%, 2/15/15 (b)                                                    | 1,295        | 1,256,150    |
| 8.13%, 7/01/19 (a)                                                    | 250          | 261,875      |
| Qwest Communications International, Inc., Series B,<br>7.50%, 2/15/14 | 180          | 180,630      |
| TW Telecom Holdings, Inc., 8.00%, 3/01/18                             | 90           | 98,663       |
|                                                                       |              | 2,339,418    |
| <b>Electric Utilities 0.2%</b>                                        |              |              |
| IPALCO Enterprises, Inc., 7.25%, 4/01/16 (a)                          | 405          | 449,550      |
| <b>Energy Equipment &amp; Services 1.7%</b>                           |              |              |
| Calfrac Holdings LP, 7.50%, 12/01/20 (a)                              | 595          | 595,000      |
| Frac Tech Services LLC, 7.63%, 11/15/18 (a)                           | 625          | 667,188      |
| Key Energy Services, Inc., 6.75%, 3/01/21                             | 380          | 398,050      |
| MEG Energy Corp., 6.50%, 3/15/21 (a)                                  | 490          | 524,300      |
| Oil States International, Inc., 6.50%, 6/01/19                        | 175          | 188,125      |
| Peabody Energy Corp., 6.25%, 11/15/21 (a)                             | 1,605        | 1,681,237    |
|                                                                       |              | 4,053,900    |
| <b>Gas Utilities 0.1%</b>                                             |              |              |
| Targa Resources Partners LP, 6.88%, 2/01/21                           | 250          | 266,875      |
| <b>Health Care Equipment &amp; Supplies 0.6%</b>                      |              |              |
| DJO Finance LLC:                                                      |              |              |
| 10.88%, 11/15/14                                                      | 670          | 681,725      |
| 7.75%, 4/15/18                                                        | 30           | 25,800       |
| Fresenius Medical Care US Finance II, Inc., 5.88%,<br>1/31/22 (a)     | 340          | 358,700      |
| Teleflex, Inc., 6.88%, 6/01/19                                        | 250          | 269,375      |
|                                                                       |              | 1,335,600    |
| <b>Health Care Providers &amp; Services 2.6%</b>                      |              |              |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19                         | 235          | 240,287      |
| HCA, Inc.:                                                            |              |              |
| 8.50%, 4/15/19                                                        | 25           | 28,000       |
| 6.50%, 2/15/20                                                        | 1,030        | 1,104,675    |
| 7.88%, 2/15/20                                                        | 1,174        | 1,294,335    |
| 5.88%, 3/15/22                                                        | 785          | 804,625      |
| Omnicare, Inc., 7.75%, 6/01/20                                        | 945          | 1,052,494    |

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|                                                                   |     |              |              |
|-------------------------------------------------------------------|-----|--------------|--------------|
| <b>Tenet Healthcare Corp.:</b>                                    |     |              |              |
| 10.00%, 5/01/18                                                   |     | 430          | 500,950      |
| 8.88%, 7/01/19                                                    |     | 870          | 991,800      |
|                                                                   |     |              | 6,017,166    |
| <b>Health Care Technology 0.9%</b>                                |     |              |              |
| IMS Health, Inc., 12.50%, 3/01/18 (a)                             |     | 1,730        | 2,058,700    |
|                                                                   |     |              |              |
|                                                                   |     | <b>Par</b>   |              |
|                                                                   |     | <b>(000)</b> | <b>Value</b> |
| <b>Corporate Bonds</b>                                            |     |              |              |
| <b>Hotels, Restaurants &amp; Leisure 1.8%</b>                     |     |              |              |
| Caesars Operating Escrow, LLC., 8.50%,<br>2/15/20 (a)             | USD | 480          | \$ 489,600   |
| Diamond Resorts Corp., 12.00%, 8/15/18                            |     | 540          | 569,700      |
| Little Traverse Bay Bands of Odawa Indians, 9.00%,<br>8/31/20 (a) |     | 282          | 248,160      |
| <b>MGM Resorts International:</b>                                 |     |              |              |
| 10.38%, 5/15/14                                                   |     | 1,220        | 1,387,750    |
| 11.13%, 11/15/17                                                  |     | 1,300        | 1,478,750    |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (c)(d) |     | 220          |              |
|                                                                   |     |              | 4,173,960    |
| <b>Household Durables 0.7%</b>                                    |     |              |              |
| Beazer Homes USA, Inc., 12.00%, 10/15/17                          |     | 1,000        | 1,090,000    |
| Standard Pacific Corp., 8.38%, 1/15/21                            |     | 550          | 584,375      |
|                                                                   |     |              | 1,674,375    |
| <b>Independent Power Producers &amp; Energy Traders 3.1%</b>      |     |              |              |
| <b>AES Corp.:</b>                                                 |     |              |              |
| 7.75%, 10/15/15                                                   |     | 155          | 175,150      |
| 9.75%, 4/15/16                                                    |     | 674          | 802,060      |
| 7.38%, 7/01/21 (a)                                                |     | 165          | 188,100      |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (a)        |     | 1,000        | 1,087,500    |
| <b>Calpine Corp. (a):</b>                                         |     |              |              |
| 7.25%, 10/15/17                                                   |     | 350          | 371,000      |
| 7.50%, 2/15/21                                                    |     | 190          | 206,150      |
| Energy Future Holdings Corp., 10.00%, 1/15/20                     |     | 1,000        | 1,081,250    |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20   |     | 2,460        | 2,672,175    |
| Laredo Petroleum, Inc., 9.50%, 2/15/19                            |     | 425          | 468,562      |
| QEP Resources, Inc., 5.38%, 10/01/22                              |     | 178          | 179,780      |
|                                                                   |     |              | 7,231,727    |
| <b>Industrial Conglomerates 1.5%</b>                              |     |              |              |
| <b>Sequa Corp. (a):</b>                                           |     |              |              |
| 11.75%, 12/01/15                                                  |     | 1,430        | 1,519,375    |
| 13.50%, 12/01/15                                                  |     | 1,930        | 2,060,250    |
|                                                                   |     |              | 3,579,625    |
| <b>Insurance 0.6%</b>                                             |     |              |              |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a)                     |     | 851          | 915,889      |
| Genworth Financial, Inc., 7.63%, 9/24/21                          |     | 370          | 383,884      |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)                 |     | 220          | 196,350      |
|                                                                   |     |              | 1,496,123    |
| <b>IT Services 0.4%</b>                                           |     |              |              |
| <b>First Data Corp. (a):</b>                                      |     |              |              |
| 7.38%, 6/15/19                                                    |     | 105          | 106,181      |
| 8.25%, 1/15/21                                                    |     | 521          | 504,068      |
| 12.63%, 1/15/21                                                   |     | 308          | 323,400      |
|                                                                   |     |              | 933,649      |
| <b>Machinery 0.6%</b>                                             |     |              |              |
| Navistar International Corp., 8.25%, 11/01/21                     |     | 204          | 223,125      |
| <b>UR Financing Escrow Corp. (a)(h):</b>                          |     |              |              |
| 5.75%, 7/15/18                                                    |     | 462          | 474,705      |



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|                |     |           |
|----------------|-----|-----------|
| 7.38%, 5/15/20 | 300 | 307,875   |
| 7.63%, 4/15/22 | 375 | 388,125   |
|                |     | 1,393,830 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                                | Par<br>(000) | Value      |
|--------------------------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                                         |              |            |
| <b>Media 8.0%</b>                                                              |              |            |
| AMC Networks, Inc., 7.75%, 7/15/21 (a)                                         | USD 190      | \$ 211,850 |
| CCH II LLC, 13.50%, 11/30/16                                                   | 1,700        | 1,955,000  |
| CCO Holdings LLC, 7.88%, 4/30/18                                               | 565          | 617,263    |
| Checkout Holding Corp., 10.68%, 11/15/15 (a)(j)                                | 570          | 256,500    |
| Cinemark USA, Inc., 8.63%, 6/15/19                                             | 195          | 216,938    |
| Clear Channel Worldwide Holdings, Inc.:                                        |              |            |
| 9.25%, 12/15/17                                                                | 340          | 372,300    |
| 7.63%, 3/15/20 (a)(h)                                                          | 745          | 745,000    |
| Series B, 9.25%, 12/15/17                                                      | 4,526        | 4,978,600  |
| CSC Holdings LLC, 8.50%, 4/15/14                                               | 390          | 432,900    |
| DISH DBS Corp.:                                                                |              |            |
| 7.00%, 10/01/13                                                                | 850          | 912,687    |
| 6.63%, 10/01/14                                                                | 750          | 817,500    |
| 6.75%, 6/01/21                                                                 | 225          | 249,750    |
| Interactive Data Corp., 10.25%, 8/01/18                                        | 810          | 913,275    |
| Kabel BW Erste Beteiligungs GmbH, 7.50%,<br>3/15/19 (a)                        | 540          | 583,200    |
| Lamar Media Corp., 5.88%, 2/01/22 (a)                                          | 255          | 266,156    |
| NAI Entertainment Holdings LLC, 8.25%,<br>12/15/17 (a)                         | 530          | 583,000    |
| Nielsen Finance LLC:                                                           |              |            |
| 11.63%, 2/01/14                                                                | 636          | 739,350    |
| 7.75%, 10/15/18                                                                | 640          | 712,000    |
| ProQuest LLC, 9.00%, 10/15/18 (a)                                              | 220          | 194,700    |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC<br>Germany GmbH), 8.13%, 12/01/17 (a) | 1,500        | 1,627,500  |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18                               | 1,250        | 1,362,500  |
|                                                                                |              | 18,747,969 |
| <b>Metals &amp; Mining 0.9%</b>                                                |              |            |
| Novelis, Inc., 8.75%, 12/15/20                                                 | 1,895        | 2,112,925  |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(d)                                       | 2,175        | 2,112,925  |
| <b>Multiline Retail 0.4%</b>                                                   |              |            |
| Dollar General Corp., 11.88%, 7/15/17 (g)                                      | 948          | 1,040,439  |
| <b>Oil, Gas &amp; Consumable Fuels 6.7%</b>                                    |              |            |
| Arch Coal, Inc., 7.00%, 6/15/19 (a)                                            | 115          | 115,000    |
| Chesapeake Midstream Partners LP, 6.13%,<br>7/15/22 (a)                        | 415          | 429,525    |
| Chesapeake Oilfield Operating LLC, 6.63%,<br>11/15/19 (a)                      | 25           | 25,500     |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                                  | 240          | 256,800    |
| Consol Energy, Inc.:                                                           |              |            |
| 8.25%, 4/01/20                                                                 | 900          | 981,000    |
| 6.38%, 3/01/21 (a)                                                             | 230          | 231,725    |
| Crosstex Energy LP, 8.88%, 2/15/18                                             | 55           | 59,675     |
| Denbury Resources, Inc.:                                                       |              |            |
| 8.25%, 2/15/20                                                                 | 351          | 400,140    |
| 6.38%, 8/15/21                                                                 | 295          | 325,238    |
| El Paso Corp., 7.00%, 6/15/17                                                  | 825          | 921,887    |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19                                    | 665          | 701,575    |

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|                                                            |       |           |
|------------------------------------------------------------|-------|-----------|
| Forest Oil Corp., 8.50%, 2/15/14                           | 110   | 119,350   |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a)                    | 1,105 | 1,204,450 |
| Holly Energy Partners LP, 6.50%, 3/01/20 (a)(h)            | 80    | 81,700    |
| Linn Energy LLC:                                           |       |           |
| 6.25%, 11/01/19 (a)                                        | 1,025 | 1,023,719 |
| 8.63%, 4/15/20                                             | 190   | 210,900   |
| 7.75%, 2/01/21                                             | 485   | 521,375   |
| Niska Gas Storage US LLC, 8.88%, 3/15/18                   | 300   | 288,000   |
| Oasis Petroleum, Inc.:                                     |       |           |
| 7.25%, 2/01/19                                             | 170   | 180,200   |
| 6.50%, 11/01/21                                            | 155   | 159,650   |
| OGX Petroleo e Gas Participações SA, 8.50%,<br>6/01/18 (a) | 2,695 | 2,809,537 |

|                                                               | Par<br>(000) | Value      |
|---------------------------------------------------------------|--------------|------------|
| <b>Corporate Bonds</b>                                        |              |            |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>            |              |            |
| Petrohawk Energy Corp.:                                       |              |            |
| 10.50%, 8/01/14                                               | USD 310      | \$ 344,488 |
| 7.88%, 6/01/15                                                | 415          | 438,344    |
| 7.25%, 8/15/18                                                | 275          | 314,531    |
| Pioneer Natural Resources Co., 7.20%, 1/15/28                 | 570          | 707,448    |
| Plains Exploration & Production Co., 6.75%,<br>2/01/22        | 815          | 892,425    |
| Precision Drilling Corp., 6.50%, 12/15/21 (a)                 | 445          | 475,037    |
| Range Resources Corp.:                                        |              |            |
| 5.75%, 6/01/21                                                | 645          | 690,150    |
| 5.00%, 8/15/22 (h)                                            | 298          | 300,980    |
| Ruby Pipeline LLC, 6.00%, 4/01/22 (a)                         | 335          | 334,328    |
| SandRidge Energy, Inc., 7.50%, 3/15/21                        | 220          | 222,200    |
|                                                               |              | 15,766,877 |
| <b>Paper &amp; Forest Products 1.0%</b>                       |              |            |
| Clearwater Paper Corp., 10.63%, 6/15/16                       | 365          | 414,731    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a)                       | 970          | 1,074,592  |
| Longview Fibre Paper & Packaging, Inc., 8.00%,<br>6/01/16 (a) | 145          | 148,988    |
| Verso Paper Holdings LLC:                                     |              |            |
| 11.50%, 7/01/14                                               | 289          | 294,780    |
| Series B, 4.30%, 8/01/14 (b)                                  | 485          | 335,862    |
|                                                               |              | 2,268,953  |
| <b>Pharmaceuticals 0.4%</b>                                   |              |            |
| Valeant Pharmaceuticals International (a):                    |              |            |
| 6.50%, 7/15/16                                                | 480          | 489,600    |
| 7.25%, 7/15/22                                                | 350          | 352,188    |
|                                                               |              | 841,788    |
| <b>Real Estate Investment Trusts (REITs) 0.4%</b>             |              |            |
| Felcor Lodging LP, 6.75%, 6/01/19                             | 950          | 971,375    |
| <b>Real Estate Management &amp; Development 0.5%</b>          |              |            |
| Realogy Corp., 7.63%, 1/15/20 (a)                             | 630          | 650,475    |
| Shea Homes LP, 8.63%, 5/15/19 (a)                             | 440          | 444,400    |
|                                                               |              | 1,094,875  |
| <b>Road &amp; Rail 1.4%</b>                                   |              |            |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19                    | 160          | 166,800    |
| Florida East Coast Railway Corp., 8.13%, 2/01/17              | 200          | 202,000    |
| The Hertz Corp.:                                              |              |            |
| 7.50%, 10/15/18                                               | 915          | 987,056    |
| 6.75%, 4/15/19 (a)(h)                                         | 150          | 157,125    |
| 6.75%, 4/15/19                                                | 375          | 392,813    |
| 7.38%, 1/15/21                                                | 1,310        | 1,418,075  |
|                                                               |              | 3,323,869  |
| <b>Specialty Retail 0.4%</b>                                  |              |            |

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|                                                  |       |             |
|--------------------------------------------------|-------|-------------|
| United Auto Group, Inc., 7.75%, 12/15/16         | 845   | 880,921     |
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b> |       |             |
| PVH Corp., 7.75%, 11/15/23                       | 215   | 245,373     |
| <b>Transportation Infrastructure 0.1%</b>        |       |             |
| Aguila 3 SA, 7.88%, 1/31/18 (a)                  | 176   | 185,020     |
| <b>Wireless Telecommunication Services 2.9%</b>  |       |             |
| Cricket Communications, Inc., 7.75%, 5/15/16     | 1,770 | 1,885,050   |
| Digicel Group Ltd. (a):                          |       |             |
| 12.00%, 4/01/14                                  | 800   | 898,000     |
| 8.25%, 9/01/17                                   | 270   | 286,200     |
| Sprint Capital Corp., 6.88%, 11/15/28            | 2,440 | 1,903,200   |
| Sprint Nextel Corp. (a):                         |       |             |
| 9.00%, 11/15/18                                  | 1,150 | 1,282,250   |
| 7.00%, 3/01/20                                   | 570   | 579,263     |
|                                                  |       | 6,833,963   |
| <b>Total Corporate Bonds 53.7%</b>               |       | 126,308,729 |

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

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

|                                                                                       | Par<br>(000) | Value      |
|---------------------------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>                                               |              |            |
| <b>Aerospace &amp; Defense 0.5%</b>                                                   |              |            |
| TransDigm, Inc.:                                                                      |              |            |
| Add on Term Loan B2, 4.00%, 2/14/17                                                   | USD 380      | \$ 380,315 |
| Term Loan (First Lien), 4.00%, 2/14/17                                                | 743          | 741,847    |
|                                                                                       |              | 1,122,162  |
| <b>Airlines 0.5%</b>                                                                  |              |            |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%,<br>4/20/17                      | 1,124        | 1,096,989  |
| <b>Auto Components 1.8%</b>                                                           |              |            |
| Allison Transmission, Inc., Term Loan B, 2.75%,<br>8/07/14                            | 1,927        | 1,904,979  |
| Autoparts Holdings Ltd.:                                                              |              |            |
| First Lien Term Loan, 6.50%, 7/28/17                                                  | 863          | 864,995    |
| Second Lien Term Loan, 10.50%, 1/29/18                                                | 900          | 875,250    |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                                           | 495          | 496,445    |
|                                                                                       |              | 4,141,669  |
| <b>Biotechnology 0.5%</b>                                                             |              |            |
| Grifols SA, Term Loan B, 4.50%, 6/1/17                                                | 1,253        | 1,250,984  |
| <b>Building Products 1.1%</b>                                                         |              |            |
| CPG International, Inc., Term Loan B, 6.00%, 2/18/17                                  | 594          | 561,330    |
| Goodman Global, Inc.:                                                                 |              |            |
| Initial Term Loan (First Lien), 5.75%, 10/28/16                                       | 1,629        | 1,636,875  |
| Term Loan (Second Lien), 9.00%, 10/30/17                                              | 382          | 387,786    |
|                                                                                       |              | 2,585,991  |
| <b>Capital Markets 1.1%</b>                                                           |              |            |
| HarbourVest Partners, Term Loan (First Lien), 6.25%,<br>12/16/16                      | 838          | 838,853    |
| Nuveen Investments, Inc.:                                                             |              |            |
| Term Loan (First Lien), 3.30% 3.58%,<br>11/13/14                                      | 371          | 368,028    |
| Incremental Term Loan, 7.25%, 5/13/17                                                 | 295          | 297,065    |
| Term Loan, 5.81%, 5/12/17                                                             | 1,004        | 1,001,654  |
|                                                                                       |              | 2,505,600  |
| <b>Chemicals 3.9%</b>                                                                 |              |            |
| American Rock Salt Holdings LLC, Term Loan, 5.50%,<br>4/25/17                         | 1,186        | 1,102,173  |
| Ashland, Inc., Term Loan B, 3.75%, 8/23/18                                            | 698          | 700,555    |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16                                      | 800          | 802,504    |
| Gentek, Inc., Term Loan B, 5.75%, 10/06/15                                            | 919          | 913,216    |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17                                      | 868          | 855,046    |
| Polyone Corp., Term Loan, 5.00%, 12/20/17                                             | 350          | 350,525    |
| PQ Corp. (FKA Niagara Acquisition, Inc.),<br>Term Loan B (First Lien), 3.50%, 7/30/14 | 1,395        | 1,360,585  |
| Styron Sarl, Term Loan B, 6.00% 6.75%, 8/02/17                                        | 952          | 858,386    |
| Tronox Worldwide LLC:                                                                 |              |            |
| Delayed Draw Term Loan, 1.00%, 2/02/18                                                | 201          | 201,203    |
| Term Loan B, 4.25%, 2/02/18                                                           | 739          | 737,744    |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17                                             | 1,287        | 1,276,614  |
|                                                                                       |              | 9,158,551  |
| <b>Commercial Services &amp; Supplies 2.7%</b>                                        |              |            |
|                                                                                       | 1,394        | 1,392,515  |

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|                                                                                                                                                     |     |              |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------------|--------------|
| Altegrity, Inc. (FKA US Investigations Services, Inc.),<br>Tranche D Term Loan, 7.75%, 2/20/15                                                      |     |              |              |
| ARAMARK Corp.:                                                                                                                                      |     |              |              |
| Letter of Credit, 3.55%, 7/26/16                                                                                                                    |     | 35           | 34,859       |
| Term Loan B, 3.83%, 7/26/16                                                                                                                         |     | 489          | 484,327      |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                                                                        |     |              |              |
|                                                                                                                                                     |     | 588          | 586,295      |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16                                                                                                  |     |              |              |
|                                                                                                                                                     |     | 1,075        | 1,076,150    |
|                                                                                                                                                     |     | <b>Par</b>   | <b>Value</b> |
|                                                                                                                                                     |     | <b>(000)</b> |              |
| <b>Floating Rate Loan Interests (b)</b>                                                                                                             |     |              |              |
| <b>Commercial Services &amp; Supplies (concluded)</b>                                                                                               |     |              |              |
| KAR Auction Services, Inc., Term Loan B, 5.00%,<br>5/19/17                                                                                          |     |              |              |
|                                                                                                                                                     | USD | 1,244        | \$ 1,242,195 |
| Synagro Technologies, Inc., Term Loan B,<br>2.25% 2.26%, 4/02/14                                                                                    |     |              |              |
|                                                                                                                                                     |     | 492          | 440,135      |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16                                                                               |     |              |              |
|                                                                                                                                                     |     | 988          | 991,618      |
|                                                                                                                                                     |     |              | 6,248,094    |
| <b>Communications Equipment 0.8%</b>                                                                                                                |     |              |              |
| Avaya, Inc.:                                                                                                                                        |     |              |              |
| Term Loan B1, 3.24%, 10/24/14                                                                                                                       |     |              |              |
|                                                                                                                                                     |     | 957          | 936,122      |
| Term Loan B3, 4.99%, 10/26/17                                                                                                                       |     |              |              |
|                                                                                                                                                     |     | 175          | 169,710      |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18                                                                                                        |     |              |              |
|                                                                                                                                                     |     | 829          | 828,780      |
|                                                                                                                                                     |     |              | 1,934,612    |
| <b>Construction &amp; Engineering 1.1%</b>                                                                                                          |     |              |              |
| BakerCorp. International, Inc., Term Loan B, 5.00%,<br>6/01/18                                                                                      |     |              |              |
|                                                                                                                                                     |     | 682          | 681,051      |
| Brand Energy & Infrastructure Services, Inc. (FR<br>Brand Acquisition Corp.), Synthetic Letter of Credit,<br>Term Loan (First Lien), 3.00%, 2/07/14 |     |              |              |
|                                                                                                                                                     |     | 500          | 446,460      |
| Safeway Services, LLC, First Out Tranche Loan, 9.00%,<br>12/16/17                                                                                   |     |              |              |
|                                                                                                                                                     |     | 1,500        | 1,500,000    |
|                                                                                                                                                     |     |              | 2,627,511    |
| <b>Consumer Finance 0.6%</b>                                                                                                                        |     |              |              |
| Springleaf Finance Corp. (FKA AGFS Funding Co.),<br>Term Loan, 5.50%, 5/10/17                                                                       |     |              |              |
|                                                                                                                                                     |     | 1,610        | 1,467,692    |
| <b>Containers &amp; Packaging 0.6%</b>                                                                                                              |     |              |              |
| Berry Plastics Holding Corp., Term Loan C, 2.25%,<br>4/03/15                                                                                        |     |              |              |
|                                                                                                                                                     |     | 488          | 474,980      |
| Sealed Air Corp., Term Loan B, 4.75%, 10/03/18                                                                                                      |     |              |              |
|                                                                                                                                                     |     | 911          | 919,926      |
|                                                                                                                                                     |     |              | 1,394,906    |
| <b>Diversified Consumer Services 2.9%</b>                                                                                                           |     |              |              |
| Coinmach Service Corp., Term Loan, 3.41%,<br>11/20/14                                                                                               |     |              |              |
|                                                                                                                                                     |     | 2,165        | 1,994,346    |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 8/15/18                                                                                     |     |              |              |
|                                                                                                                                                     |     | 3,065        | 2,925,268    |
| ServiceMaster Co.:                                                                                                                                  |     |              |              |
| Delayed Draw Term Loan, 2.75%, 7/24/14                                                                                                              |     |              |              |
|                                                                                                                                                     |     | 174          | 171,759      |
| Term Loan, 2.77% 3.03%, 7/24/14                                                                                                                     |     |              |              |
|                                                                                                                                                     |     | 1,746        | 1,724,746    |
|                                                                                                                                                     |     |              | 6,816,119    |
| <b>Diversified Financial Services 1.2%</b>                                                                                                          |     |              |              |
| Reynolds Group Holdings, Inc.:                                                                                                                      |     |              |              |
| Tranche B Term Loan, 6.50%, 2/09/18                                                                                                                 |     |              |              |
|                                                                                                                                                     |     | 452          | 455,703      |
| Tranche C Term Loan, 5.25% 6.50%,<br>8/09/18                                                                                                        |     |              |              |
|                                                                                                                                                     |     | 2,319        | 2,343,131    |
|                                                                                                                                                     |     |              | 2,798,834    |
| <b>Diversified Telecommunication Services 3.0%</b>                                                                                                  |     |              |              |
| Hawaiian Telecom Communications, Inc.,<br>Term Loan B, 7.00%, 2/25/17                                                                               |     |              |              |
|                                                                                                                                                     |     | 1,095        | 1,092,263    |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%,<br>4/15/15                                                                                        |     |              |              |
|                                                                                                                                                     |     | 911          | 801,790      |

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Level 3 Financing, Inc.:

|                                                      |       |           |
|------------------------------------------------------|-------|-----------|
| Tranche A Term Loan, 2.50% 2.83%,<br>3/13/14         | 1,100 | 1,081,850 |
| Term Loan B2, 5.75%, 9/03/18                         | 2,050 | 2,064,104 |
| Term Loan B3, 5.75%, 8/31/18                         | 775   | 780,332   |
| US Telepacific Corp., Term Loan B, 5.75%,<br>2/23/17 | 1,372 | 1,299,506 |
|                                                      |       | 7,119,845 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                                    | Par<br>(000) | Value        |
|------------------------------------------------------------------------------------|--------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>                                            |              |              |
| <b>Electronic Equipment, Instruments &amp; Components 0.9%</b>                     |              |              |
| CDW LLC (FKA CDW Corp.), Extended Term Loan, 4.00%, 7/14/17                        | USD 1,139    | \$ 1,112,911 |
| Sensata Technologies Finance Co. LLC, Term Loan, 4.00%, 5/11/18                    | 1,108        | 1,105,485    |
|                                                                                    |              | 2,218,396    |
| <b>Energy Equipment &amp; Services 2.0%</b>                                        |              |              |
| CCS Corp., Term Loan B, 3.24%, 11/14/14                                            | 705          | 681,959      |
| Dynegy Holding, Inc.:                                                              |              |              |
| Coal Co. Term Loan, 9.25%, 8/04/16                                                 | 864          | 858,650      |
| Gas Co. Term Loan, 9.25%, 8/04/16                                                  | 1,580        | 1,630,154    |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18                                      | 1,556        | 1,552,910    |
|                                                                                    |              | 4,723,673    |
| <b>Food &amp; Staples Retailing 0.6%</b>                                           |              |              |
| U.S. Foodservice, Inc., Term Loan B, 2.74% 2.75%, 7/03/14                          | 1,362        | 1,314,058    |
| <b>Food Products 2.7%</b>                                                          |              |              |
| Advance Pierre Foods, Term Loan (First Lien), 7.00%, 9/30/16                       | 2,584        | 2,584,178    |
| Del Monte Corp., Term Loan, 4.50%, 3/08/18                                         | 2,337        | 2,292,314    |
| Pinnacle Foods Finance LLC:                                                        |              |              |
| Tranche B Term Loan, 2.76% 3.08%, 4/02/14                                          | 119          | 118,706      |
| Tranche D Term Loan, 6.00%, 4/02/14                                                | 680          | 683,649      |
| Solvest Ltd. (Dole):                                                               |              |              |
| Tranche B-2 Term Loan, 5.00% 6.00%, 7/06/18                                        | 204          | 204,405      |
| Tranche C-2 Term Loan, 5.00% 6.00%, 7/06/18                                        | 378          | 379,609      |
|                                                                                    |              | 6,262,861    |
| <b>Health Care Equipment &amp; Supplies 1.4%</b>                                   |              |              |
| Biomet, Inc., Term Loan B, 3.57%, 3/25/15                                          | 134          | 132,803      |
| DJO Finance LLC, (FKA ReAble Therapeutics Finance LLC) Term Loan B, 3.24%, 5/20/14 | 871          | 858,916      |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                                   | 675          | 674,582      |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                                    | 658          | 654,131      |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                                         | 978          | 984,148      |
|                                                                                    |              | 3,304,580    |
| <b>Health Care Providers &amp; Services 4.1%</b>                                   |              |              |
| CHS/Community Health Systems, Inc.:                                                |              |              |
| Extended Term Loan B, 3.99% 5.75%, 1/25/17                                         | 3            | 1,727        |
| Non-Extended Delayed Draw Term Loan, 3.25%, 7/25/14                                | 47           | 46,702       |
| Non-Extended Term Loan, 2.49% 4.50%, 7/25/14                                       | 893          | 881,458      |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                                         | 1,092        | 1,088,924    |
| DaVita, Inc., Term Loan B, 4.50%, 10/20/16                                         | 1,089        | 1,091,494    |
| Emergency Medical Services, Term Loan, 5.25%, 5/25/18                              | 1,092        | 1,088,246    |



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|                                                                  |       |           |
|------------------------------------------------------------------|-------|-----------|
| <b>Harden Healthcare LLC:</b>                                    |       |           |
| Term Loan A, 8.50%, 3/02/15                                      | 328   | 321,325   |
| Tranche A Additional Term Loan, 7.75%, 3/02/15                   | 1,153 | 1,129,772 |
| HCA, Inc., Tranche B-3 Term Loan, 3.49%, 5/01/18                 | 856   | 842,018   |
| Health Management Associates, Inc., Term Loan B, 4.50%, 11/16/18 | 310   | 307,985   |
| <b>inVentiv Health, Inc. (FKA Ventive Health, Inc.):</b>         |       |           |
| Combined Term Loan, 6.50%, 8/04/16                               | 1,095 | 1,052,767 |
| Incremental Term Loan B-3, 6.75%, 5/15/18                        | 730   | 700,869   |
| Medpace, Inc., Term Loan, 7.25%, 6/16/17                         | 1,045 | 1,002,960 |
|                                                                  |       | 9,556,247 |

|                                                                                        | <b>Par<br/>(000)</b> | <b>Value</b> |
|----------------------------------------------------------------------------------------|----------------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>                                                |                      |              |
| <b>Health Care Technology 1.0%</b>                                                     |                      |              |
| IMS Health, Inc., Term Loan B, 4.50%, 8/25/17                                          | USD 1,031            | \$ 1,031,373 |
| Kinetic Concepts, Inc., Term Loan B, 7.00%, 5/04/18                                    | 700                  | 711,375      |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16                                            | 549                  | 549,191      |
|                                                                                        |                      | 2,291,939    |
| <b>Hotels, Restaurants &amp; Leisure 3.0%</b>                                          |                      |              |
| <b>Caesars Entertainment Operating Co., Inc.:</b>                                      |                      |              |
| Incremental Term Loan B4, 9.50%, 10/31/16                                              | 731                  | 751,585      |
| Term Loan B1, 3.24%, 1/28/15                                                           | 711                  | 666,404      |
| Term Loan B3, 3.24% 3.58%, 1/28/15                                                     | 2,950                | 2,763,937    |
| Dunkin Brands, Inc., Term Loan B, 4.00% 5.25%, 11/23/17                                | 1,350                | 1,346,252    |
| Golden Living, Term Loan, 5.00%, 5/04/18                                               | 287                  | 269,887      |
| <b>OSI Restaurant Partners LLC:</b>                                                    |                      |              |
| Revolver, 2.56% 2.79%, 6/14/13                                                         | 8                    | 7,881        |
| Term Loan B, 2.56%, 6/14/14                                                            | 82                   | 79,942       |
| <b>Seaworld Parks &amp; Entertainment, Inc. (FKA SW Acquisitions Co., Inc.):</b>       |                      |              |
| Term Loan B, 4.00%, 8/17/17                                                            | 775                  | 773,957      |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 4.25%, 12/20/18         | 420                  | 418,165      |
|                                                                                        |                      | 7,078,010    |
| <b>Household Products 0.4%</b>                                                         |                      |              |
| Prestige Brands International, Inc., Term Loan, 5.25%, 1/31/19                         | 820                  | 823,075      |
| <b>Independent Power Producers &amp; Energy Traders 0.4%</b>                           |                      |              |
| AES Corp., Term Loan, 4.25%, 6/01/18                                                   | 943                  | 941,932      |
| Texas Competitive Electric Holdings Co. LLC (TXU), Extended Term Loan, 4.76%, 10/10/17 | 158                  | 88,248       |
|                                                                                        |                      | 1,030,180    |
| <b>Industrial Conglomerates 1.1%</b>                                                   |                      |              |
| <b>Sequa Corp.:</b>                                                                    |                      |              |
| Incremental Term Loan, 6.25%, 12/03/14                                                 | 305                  | 306,016      |
| Term Loan, 3.76% 3.84%, 12/03/14                                                       | 1,225                | 1,211,595    |
| Tomkins Plc, Term Loan B, 4.25%, 9/29/16                                               | 1,124                | 1,122,877    |
|                                                                                        |                      | 2,640,488    |
| <b>Internet Software &amp; Services 0.3%</b>                                           |                      |              |
| Web.com Group, Inc., Term Loan B, 7.00%, 10/27/17                                      | 620                  | 605,072      |
| <b>IT Services 3.9%</b>                                                                |                      |              |
| Ceridian Corp., Term Loan, 3.24%, 11/10/14                                             | 1,227                | 1,160,442    |
| First Data Corp.:                                                                      |                      |              |
| Extended Term Loan B, 4.24%, 3/23/18                                                   | 4,029                | 3,614,991    |

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|                                                                                                |       |           |
|------------------------------------------------------------------------------------------------|-------|-----------|
| Term Loan B-1, 2.99%, 9/24/14                                                                  | 333   | 318,302   |
| Term Loan B-3, 2.99%, 9/24/14                                                                  | 141   | 134,988   |
| infoGROUP, Inc., Term Loan B, 5.75%, 5/22/18                                                   | 473   | 442,243   |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17                                                    | 511   | 508,700   |
| NeuStar, Inc., Term Loan B, 5.00%, 11/08/18                                                    | 773   | 774,995   |
| SunGard Data Systems, Inc. (Solar Capital Corp.),<br>Tranche B Term Loan, 3.99% 4.15%, 2/26/16 | 287   | 286,453   |
| TransUnion LLC, Term Loan B, 4.75%, 2/12/18                                                    | 1,950 | 1,951,441 |
|                                                                                                |       | 9,192,555 |
| <b>Leisure Equipment &amp; Products 0.2%</b>                                                   |       |           |
| Eastman Kodak Co., DIP Term Loan B, 8.50%,<br>7/20/13                                          | 510   | 516,217   |
| <b>Machinery 0.5%</b>                                                                          |       |           |
| Terex Corp., Term Loan B, 5.50%, 4/28/17                                                       | 1,133 | 1,140,896 |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                                                              | Par<br>(000) | Value      |
|--------------------------------------------------------------------------------------------------------------|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>                                                                      |              |            |
| <b>Media 11.5%</b>                                                                                           |              |            |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18                                                                      | USD 442      | \$ 438,488 |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%,<br>10/10/16                                                | 737          | 689,454    |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18                                                             | 1,095        | 1,087,659  |
| Capsugel Healthcare Ltd., Term Loan, 5.25%,<br>8/01/18                                                       | 798          | 802,557    |
| Cengage Learning Acquisitions, Inc.:                                                                         |              |            |
| Term Loan, 2.49%, 7/03/14                                                                                    | 755          | 700,739    |
| Tranche 1 Incremental Term Loan, 7.50%,<br>7/03/14                                                           | 668          | 646,061    |
| Cequel Communications LLC, Term Loan B, 4.00%,<br>2/11/19                                                    | 1,040        | 1,029,361  |
| Charter Communications Operating LLC:                                                                        |              |            |
| Term Loan, 7.25%, 3/06/14                                                                                    | 24           | 23,921     |
| Term Loan C, 3.83%, 9/06/16                                                                                  | 2,110        | 2,093,669  |
| Cumulus Media, Inc., Term Loan, 5.75%, 9/17/18                                                               | 1,155        | 1,155,959  |
| Gray Television, Inc., Term Loan B, 3.77%, 12/31/14                                                          | 871          | 860,317    |
| HMH Publishing Co. Ltd., Term Loan, 6.51%,<br>6/12/14                                                        | 1,343        | 830,218    |
| Hubbard Broadcasting, Term Loan B (Second Lien),<br>5.25%, 4/28/17                                           | 597          | 597,496    |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson<br>Holdings Ltd.), Tranche B Term Loan, 5.25%,<br>4/02/18 | 5,839        | 5,829,116  |
| Interactive Data Corp., Term Loan B, 4.50%,<br>2/12/18                                                       | 893          | 891,240    |
| Kabel Deutschland GmbH, Term Loan F, 4.25%,<br>2/01/19                                                       | 1,200        | 1,194,000  |
| Newsday LLC, Fixed Rate Term Loan, 10.50%,<br>8/01/13                                                        | 3,250        | 3,343,437  |
| Nielsen Finance LLC, Class C Term Loan, 3.51%,<br>5/02/16                                                    | 224          | 223,832    |
| Sinclair Television Group, Inc.:                                                                             |              |            |
| Incremental Term Loan B3, 10/28/16                                                                           | 250          | 248,827    |
| Tranche B Term Loan, 4.00%, 10/28/16                                                                         | 970          | 965,708    |
| Univision Communications, Inc., Extended First Lien<br>Term Loan, 4.49%, 3/31/17                             | 1,708        | 1,585,973  |
| UPC Financing Partnership:                                                                                   |              |            |
| Term Loan, 4.75%, 12/29/17                                                                                   | 350          | 349,387    |
| Term Loan T, 3.77%, 12/30/16                                                                                 | 425          | 417,834    |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18                                                                  | 312          | 311,196    |
| Weather Channel, Term Loan B, 4.25%, 2/13/17                                                                 | 859          | 859,285    |
|                                                                                                              |              | 27,175,734 |
| <b>Metals &amp; Mining 2.3%</b>                                                                              |              |            |
| Novelis, Inc.:                                                                                               |              |            |
| Incremental Term Loan B2, 4.00%, 3/10/17                                                                     | 895          | 890,886    |
| Term Loan, 4.00%, 3/10/17                                                                                    | 1,634        | 1,625,333  |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18                                                            | 846          | 843,636    |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18                                                             | 2,129        | 2,118,463  |
|                                                                                                              |              | 5,478,318  |

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|                                                                                                         |                      |       |              |
|---------------------------------------------------------------------------------------------------------|----------------------|-------|--------------|
| <b>Multi-Utilities 0.1%</b>                                                                             |                      |       |              |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.),<br>Term B Advance (First Lien), 2.75%, 11/01/13 |                      | 288   | 271,024      |
| <b>Multiline Retail 0.6%</b>                                                                            |                      |       |              |
| 99 Cents Only Stores, Term Loan B, 7.00%, 1/11/19                                                       |                      | 795   | 800,112      |
| Dollar General Corp., Tranche B-2 Term Loan,<br>3.00% 3.33%, 7/07/14                                    |                      | 598   | 597,940      |
|                                                                                                         |                      |       | 1,398,052    |
| <b>Oil, Gas &amp; Consumable Fuels 1.0%</b>                                                             |                      |       |              |
| Gibson Energy, Term Loan B, 5.75%, 6/15/18                                                              |                      | 796   | 796,828      |
| Obsidian Natural Gas Trust, Term Loan, 7.00%,<br>11/02/15                                               |                      | 1,530 | 1,537,234    |
|                                                                                                         |                      |       | 2,334,062    |
|                                                                                                         | <b>Par<br/>(000)</b> |       | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>                                                                 |                      |       |              |
| <b>Paper &amp; Forest Products 0.2%</b>                                                                 |                      |       |              |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                                                            | USD                  | 350   | \$ 352,625   |
| <b>Pharmaceuticals 2.7%</b>                                                                             |                      |       |              |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                                                       |                      | 940   | 932,506      |
| Endo Pharmaceuticals Holdings, Inc., Term Loan B,<br>4.00%, 6/18/18                                     |                      | 267   | 266,905      |
| Pharmaceutical Products Development, Inc.,<br>Term Loan B, 6.25%, 12/05/18                              |                      | 1,280 | 1,291,200    |
| Quintiles Transnational Corp., Term Loan B, 5.00%,<br>6/08/18                                           |                      | 701   | 696,838      |
| RPI Finance Trust, Term Loan Tranche 2, 4.00%,<br>5/09/18                                               |                      | 597   | 595,949      |
| Taminco Global Chemical Corp., New Term Loan,<br>6.25%, 2/08/19                                         |                      | 500   | 502,055      |
| Valeant Pharmaceuticals International, Add on<br>Term Loan B, 3.75%, 2/08/19                            |                      | 1,280 | 1,276,006    |
| Warner Chilcott Corp.:<br>Term Loan B-1, 4.25%, 3/15/18                                                 |                      | 454   | 452,648      |
| Term Loan B-2, 4.25%, 3/15/18                                                                           |                      | 227   | 226,324      |
|                                                                                                         |                      |       | 6,240,431    |
| <b>Professional Services 1.2%</b>                                                                       |                      |       |              |
| Booz Allen Hamilton, Inc., Tranche B Term Loan,<br>4.00%, 8/03/17                                       |                      | 346   | 347,083      |
| Emdeon, Inc., Term Loan B, 6.75%, 11/02/18                                                              |                      | 1,415 | 1,431,173    |
| Fifth Third Processing Solutions LLC, Term Loan B<br>(First Lien), 4.50%, 11/03/16                      |                      | 1,089 | 1,089,794    |
|                                                                                                         |                      |       | 2,868,050    |
| <b>Real Estate Investment Trusts (REITs) 0.6%</b>                                                       |                      |       |              |
| iStar Financial, Inc., Term Loan (Second Lien),<br>5.00%, 6/28/13                                       |                      | 1,482 | 1,475,104    |
| <b>Real Estate Management &amp; Development 1.0%</b>                                                    |                      |       |              |
| Realogy Corp.:<br>Extended Synthetic Letter of Credit Loan,<br>4.53%, 10/10/16                          |                      | 1,116 | 1,035,752    |
| Extended Term Loan, 4.77%, 10/10/16                                                                     |                      | 1,544 | 1,432,702    |
|                                                                                                         |                      |       | 2,468,454    |
| <b>Road &amp; Rail 0.6%</b>                                                                             |                      |       |              |
| Avis Budget Car Rental LLC, Incremental Term Loan,<br>6.25%, 9/21/18                                    |                      | 574   | 579,155      |
| RailAmerica, Inc., Term Loan B, 4.00%, 2/27/19                                                          |                      | 890   | 887,775      |
|                                                                                                         |                      |       | 1,466,930    |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.5%</b>                                            |                      |       |              |
| Freescale Semiconductor, Inc., Extended Term<br>Loan B, 4.52%, 12/01/16                                 |                      | 582   | 567,504      |
| NXP B.V., Term Loan A-2, 5.50%, 3/03/17                                                                 |                      | 679   | 673,709      |

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|                                                                      |       |           |
|----------------------------------------------------------------------|-------|-----------|
|                                                                      |       | 1,241,213 |
| <b>Software 0.6%</b>                                                 |       |           |
| Blackboard, Inc., Term Loan B, 7.50%, 10/04/18                       | 325   | 320,668   |
| Infor Enterprise Solutions Holdings, Inc.:                           |       |           |
| Extended Delayed Draw Term Loan, 7/28/15                             | 177   | 172,924   |
| Extended Initial Term Loan, 7/28/15                                  | 333   | 325,601   |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                              | 650   | 656,773   |
|                                                                      |       | 1,475,966 |
| <b>Specialty Retail 3.7%</b>                                         |       |           |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                              | 1,000 | 999,890   |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/23/17 | 941   | 940,532   |
| Claire's Stores, Inc., Term Loan B, 3.00% 3.30%, 5/29/14             | 374   | 354,551   |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18         | 1,125 | 1,121,670 |
| The Gymboree Corp., Term Loan, 5.00%, 2/23/18                        | 440   | 413,710   |

See Notes to Consolidated Financial Statements.

## Consolidated Schedule of Investments (continued)

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

|                                                                     | Par<br>(000) | Value       |
|---------------------------------------------------------------------|--------------|-------------|
| <b>Floating Rate Loan Interests (b)</b>                             |              |             |
| <b>Specialty Retail (concluded)</b>                                 |              |             |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18                    | USD 397      | \$ 391,652  |
| Michaels Stores, Inc.:                                              |              |             |
| Extended Term Loan B3, 5.13%, 7/29/16                               | 239          | 237,691     |
| Term Loan B-2, 5.13%, 7/29/16                                       | 1,199        | 1,191,801   |
| Petco Animal Supplies, Inc., Term Loan B, 4.50%,<br>11/24/17        | 1,504        | 1,497,395   |
| Toys R Us Delaware, Inc.:                                           |              |             |
| Term Loan B1, 6.00%, 9/01/16                                        | 1,202        | 1,203,561   |
| Term Loan B2, 5.25%, 5/25/18                                        | 397          | 392,288     |
|                                                                     |              | 8,744,741   |
| <b>Wireless Telecommunication Services 1.8%</b>                     |              |             |
| Crown Castle International Corp., Term Loan B,<br>4.00%, 1/31/19    | 410          | 408,135     |
| Digicel International, Tranche A, 3.13%, 3/30/12                    | 328          | 326,463     |
| MetroPCS Wireless, Inc., Term Loan B-3,<br>4.00% 4.06%, 3/16/18     | 568          | 563,698     |
| Vodafone Americas Finance 2, Inc., Term Loan,<br>6.88%, 8/11/15 (g) | 3,046        | 3,045,700   |
|                                                                     |              | 4,343,996   |
| <b>Total Floating Rate Loan Interests 73.2%</b>                     |              | 172,302,506 |

|                                                  | Beneficial<br>Interest<br>(000) |         |
|--------------------------------------------------|---------------------------------|---------|
| <b>Other Interests (k)</b>                       |                                 |         |
| <b>Auto Components 0.0%</b>                      |                                 |         |
| Intermet Liquidating Trust, Class A (c)          | 320                             |         |
| <b>Diversified Financial Services 0.4%</b>       |                                 |         |
| J.G.Wentworth LLC Preferred Equity Interests (c) | (1)                             | 989,983 |
| <b>Media 0.0%</b>                                |                                 |         |
| Adelphia Preferred Escrow (c)                    | 3                               |         |
| Adelphia Recovery Trust, Series ACC-6B INT (c)   | 250                             | 1,250   |
|                                                  |                                 | 1,250   |
| <b>Total Other Interests 0.4%</b>                |                                 | 991,233 |

**Preferred Securities**

|                                            | Shares |        |
|--------------------------------------------|--------|--------|
| <b>Preferred Stocks 0.0%</b>               |        |        |
| <b>Diversified Financial Services 0.0%</b> |        |        |
| Ally Financial, Inc., 7.00% (a)            | 90     | 78,092 |

|                                                    |        |         |
|----------------------------------------------------|--------|---------|
| <b>Trust Preferred 0.2%</b>                        |        |         |
| <b>Diversified Financial Services 0.2%</b>         |        |         |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (b) | 22,630 | 529,309 |
| <b>Total Preferred Securities 0.2%</b>             |        | 607,401 |

|                          | Shares | Value |
|--------------------------|--------|-------|
| <b>Warrants (m) 0.1%</b> |        |       |

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|                                                 |       |    |             |
|-------------------------------------------------|-------|----|-------------|
| Charter Communications, Inc. (Expires 11/30/14) | 6,862 | \$ | 128,937     |
| <b>Total Long-Term Investments</b>              |       |    |             |
| (Cost \$311,554,325) 130.3%                     |       |    | 306,630,919 |

|                                                      | <b>Beneficial<br/>Interest<br/>(000)</b> |       |                       |
|------------------------------------------------------|------------------------------------------|-------|-----------------------|
| <b>Short-Term Securities</b>                         |                                          |       |                       |
| Bank of New York Cash Reserves, 0.01% (n)            | USD                                      | 5,121 | 5,121,023             |
| <b>Total Short-Term Securities</b>                   |                                          |       |                       |
| (Cost \$5,121,023) 2.2%                              |                                          |       | 5,121,023             |
| <b>Total Investments (Cost \$316,675,348) 132.5%</b> |                                          |       | <b>311,751,942</b>    |
| <b>Liabilities in Excess of Other Assets (32.5)%</b> |                                          |       | <b>(76,435,444)</b>   |
| <b>Net Assets 100.0%</b>                             |                                          |       | <b>\$ 235,316,498</b> |

- (a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) 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.
- (f) Convertible security.
- (g) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (h) When-issued security. Unsettled when-issued transactions were as follows:

| <b>Counterparty</b>            | <b>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|--------------------------------|--------------|------------------------------------|
| Bank of America                | \$ 853,130   | \$ 15,130                          |
| Goldman Sachs & Co.            | \$ 745,000   |                                    |
| Citigroup Global Markets, Inc. | \$ 81,700    | \$ 1,700                           |
| Barclays Capital Inc.          | \$ 157,125   | \$ 1,125                           |
| GMP Securities Ltd.            | \$ 474,705   | \$ 4,080                           |
| Morgan Stanley Co.             | \$ 696,000   | \$ 21,000                          |

- (i) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (j) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (k) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
- (l) Amount is less than \$500.
- (m) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (n) Represents the current yield as of report date.

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (concluded)

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

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

| Affiliate                                                      | Shares Held at<br>February 28,<br>2011 | Net<br>Activity | Shares Held at<br>February 29,<br>2012 | Income  |
|----------------------------------------------------------------|----------------------------------------|-----------------|----------------------------------------|---------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 270,650                                | (270,650)       |                                        | \$1,221 |

Foreign currency exchange contracts as of February 29, 2012 were as follows:

| Currency<br>Purchased |         | Currency<br>Sold |         | Counterparty | Settlement<br>Date | Unrealized<br>Depreciation |
|-----------------------|---------|------------------|---------|--------------|--------------------|----------------------------|
| USD                   | 372,820 | CAD              | 382,000 | Citibank NA  | 4/11/12            | \$ (12,909)                |

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. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

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

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

The following tables summarize the inputs used as of February 29, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs           | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|---------|---------|---------|-------|
| <b>Assets:</b>             |         |         |         |       |
| Investments in Securities: |         |         |         |       |
| Long-Term Investments:     |         |         |         |       |

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|                              |              |                |               |                |
|------------------------------|--------------|----------------|---------------|----------------|
| Asset-Backed Securities      |              | \$ 1,843,384   | \$ 3,022,303  | \$ 4,865,687   |
| Common Stocks                | \$ 886,368   | 184,484        | 355,574       | 1,426,426      |
| Corporate Bonds              |              | 121,998,188    | 4,310,541     | 126,308,729    |
| Floating Rate Loan Interests |              | 159,954,212    | 12,348,294    | 172,302,506    |
| Other Interests              | 1,250        |                | 989,983       | 991,233        |
| Preferred Stocks             | 529,309      | 78,092         |               | 607,401        |
| Warrants                     | 128,937      |                |               | 128,937        |
| Short-Term Securities        |              | 5,121,023      |               | 5,121,023      |
| <b>Total</b>                 | \$ 1,545,864 | \$ 289,179,383 | \$ 21,026,695 | \$ 311,751,942 |

|                                               |                |                |                |              |
|-----------------------------------------------|----------------|----------------|----------------|--------------|
| <b>Valuation Inputs</b>                       | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Derivative Financial Instruments <sup>1</sup> |                |                |                |              |
| <b>Liabilities:</b>                           |                |                |                |              |
| Foreign currency exchange contracts           |                | \$ (12,909)    |                | \$ (12,909)  |

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

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

|                                                                 | Asset-Backed Securities | Common Stocks     | Corporate Bonds     | Floating Rate Loan Interests | Other Interests   | Total                |
|-----------------------------------------------------------------|-------------------------|-------------------|---------------------|------------------------------|-------------------|----------------------|
| <b>Assets/Liabilities:</b>                                      |                         |                   |                     |                              |                   |                      |
| Balance, as of February 28, 2011                                | \$ 3,467,413            | \$ 433,333        | \$ 6,609,156        | \$ 18,685,436                | \$ 2,125,823      | \$ 31,321,161        |
| Accrued discounts/premiums                                      | 40,917                  |                   | 172,745             | 46,030                       |                   | 259,692              |
| Net realized gain (loss)                                        | 50,449                  | 18,884            | (5,307,987)         | 16,632                       | 860,167           | (4,361,855)          |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | (211,988)               | (330,915)         | 7,626,886           | 1,639,606                    | (358,163)         | 8,365,426            |
| Purchases                                                       | 1,586,262               |                   | 43,053              | 5,629,950                    | 68,532            | 7,327,797            |
| Sales                                                           | (1,470,750)             | (22,825)          | (4,833,529)         | (9,090,398)                  | (1,706,374)       | (17,123,876)         |
| Transfers in <sup>3</sup>                                       |                         | 257,097           | 217                 | 1,297,159                    |                   | 1,554,473            |
| Transfers out <sup>3</sup>                                      | (440,000)               |                   |                     | (5,876,121)                  | (2)               | (6,316,123)          |
| <b>Balance, as of February, 29 2012</b>                         | <b>\$ 3,022,303</b>     | <b>\$ 355,574</b> | <b>\$ 4,310,541</b> | <b>\$ 12,348,294</b>         | <b>\$ 989,983</b> | <b>\$ 21,026,695</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on February 29, 2012 was \$(779,305).

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

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Consolidated Financial Statements.

## Consolidated Statements of Assets and Liabilities

|                                                                |    | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund, Inc.<br/>(COY)</b> | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund III, Inc.<br/>(CYE)</b> | <b>BlackRock<br/>Debt Strategies<br/>Fund, Inc.<br/>(DSU)</b> | <b>BlackRock<br/>Floating<br/>Rate Income<br/>Strategies<br/>Fund II, Inc.<br/>(FRB)</b> | <b>BlackRock<br/>Senior High<br/>Income<br/>Fund, Inc.<br/>(ARK)</b> |    |                    |    |                    |
|----------------------------------------------------------------|----|------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----|--------------------|----|--------------------|
| <b>February 29, 2012</b>                                       |    |                                                                        |                                                                            |                                                               |                                                                                          |                                                                      |    |                    |    |                    |
| <b>Assets</b>                                                  |    |                                                                        |                                                                            |                                                               |                                                                                          |                                                                      |    |                    |    |                    |
| Investments at value unaffiliated                              | \$ | 325,710,542                                                            | \$                                                                         | 368,108,493                                                   | \$                                                                                       | 603,571,054                                                          | \$ | 183,712,687        | \$ | 311,751,942        |
| Investments at value affiliated                                |    | 2,264,805                                                              |                                                                            |                                                               |                                                                                          |                                                                      |    | 2,382,746          |    |                    |
| Cash                                                           |    | 38,194                                                                 |                                                                            |                                                               |                                                                                          | 71,989                                                               |    | 8,173              |    | 14,027             |
| Cash pledged as collateral for financial futures contracts     |    | 562,000                                                                |                                                                            | 576,000                                                       |                                                                                          |                                                                      |    |                    |    |                    |
| Foreign currency at value <sup>3</sup>                         |    | 220,509                                                                |                                                                            | 243,842                                                       |                                                                                          | 65,785                                                               |    | 243,187            |    | 1,601              |
| Investments sold receivable                                    |    | 5,341,134                                                              |                                                                            | 8,786,744                                                     |                                                                                          | 11,699,393                                                           |    | 5,781,774          |    | 5,748,544          |
| Cash pledged as collateral for swaps                           |    | 500,000                                                                |                                                                            | 100,000                                                       |                                                                                          |                                                                      |    |                    |    |                    |
| Interest receivable                                            |    | 4,735,995                                                              |                                                                            | 5,549,443                                                     |                                                                                          | 5,827,098                                                            |    | 1,189,686          |    | 2,939,185          |
| Principal paydown receivable                                   |    | 202,089                                                                |                                                                            | 44,860                                                        |                                                                                          | 298,857                                                              |    | 765,743            |    | 168,907            |
| Unrealized appreciation on swaps                               |    | 438,241                                                                |                                                                            | 446,316                                                       |                                                                                          |                                                                      |    |                    |    |                    |
| Swaps premiums paid                                            |    | 319,922                                                                |                                                                            | 341,424                                                       |                                                                                          |                                                                      |    |                    |    |                    |
| Swaps receivable                                               |    | 101,094                                                                |                                                                            | 102,300                                                       |                                                                                          |                                                                      |    |                    |    |                    |
| Dividends receivable                                           |    | 9,737                                                                  |                                                                            | 20,899                                                        |                                                                                          | 56,056                                                               |    |                    |    |                    |
| Margin variation receivable                                    |    | 40,950                                                                 |                                                                            | 42,000                                                        |                                                                                          |                                                                      |    |                    |    |                    |
| Unrealized appreciation on foreign currency exchange contracts |    | 6,876                                                                  |                                                                            | 3,328                                                         |                                                                                          | 24,221                                                               |    | 3,560              |    |                    |
| Income receivable affiliated                                   |    |                                                                        |                                                                            | 11                                                            |                                                                                          | 696                                                                  |    |                    |    | 188                |
| Prepaid expenses                                               |    | 26,347                                                                 |                                                                            | 24,794                                                        |                                                                                          | 23,343                                                               |    | 16,929             |    | 29,004             |
| Other assets                                                   |    | 48,396                                                                 |                                                                            | 6,507                                                         |                                                                                          | 512,084                                                              |    |                    |    |                    |
| <b>Total assets</b>                                            |    | <b>340,566,831</b>                                                     |                                                                            | <b>384,396,961</b>                                            |                                                                                          | <b>622,150,576</b>                                                   |    | <b>194,104,485</b> |    | <b>320,653,398</b> |
| <b>Liabilities</b>                                             |    |                                                                        |                                                                            |                                                               |                                                                                          |                                                                      |    |                    |    |                    |
| Bank overdraft                                                 |    |                                                                        |                                                                            | 193,858                                                       |                                                                                          |                                                                      |    |                    |    |                    |
| Loan payable                                                   |    | 67,000,000                                                             |                                                                            | 86,000,000                                                    |                                                                                          | 145,000,000                                                          |    | 41,000,000         |    | 69,000,000         |
| Investments purchased payable                                  |    | 17,673,543                                                             |                                                                            | 19,163,320                                                    |                                                                                          | 29,520,396                                                           |    | 8,839,049          |    | 15,830,478         |
| Unrealized depreciation on foreign currency exchange contracts |    | 913,319                                                                |                                                                            | 934,336                                                       |                                                                                          | 774,246                                                              |    | 148,986            |    | 12,909             |
| Interest expense payable                                       |    | 58,432                                                                 |                                                                            | 126,096                                                       |                                                                                          | 206,163                                                              |    | 66,295             |    | 100,251            |
| Swaps premiums received                                        |    | 276,520                                                                |                                                                            | 260,304                                                       |                                                                                          |                                                                      |    |                    |    |                    |
| Investment advisory fees payable                               |    | 123,609                                                                |                                                                            | 168,488                                                       |                                                                                          | 263,454                                                              |    | 108,236            |    | 116,258            |
| Deferred income                                                |    |                                                                        |                                                                            | 79,400                                                        |                                                                                          | 123,185                                                              |    | 4,161              |    | 65,666             |
| Unrealized depreciation on swaps                               |    | 73,152                                                                 |                                                                            | 76,357                                                        |                                                                                          |                                                                      |    |                    |    |                    |
| Income dividends payable                                       |    |                                                                        |                                                                            |                                                               |                                                                                          |                                                                      |    | 37,907             |    | 78,257             |
| Officers and Directors fees payable                            |    | 706                                                                    |                                                                            | 2,675                                                         |                                                                                          | 112,491                                                              |    | 281                |    | 198                |
| Options written at value <sup>4</sup>                          |    | 15,587                                                                 |                                                                            | 16,530                                                        |                                                                                          |                                                                      |    |                    |    |                    |
| Swaps payable                                                  |    | 10,551                                                                 |                                                                            | 11,550                                                        |                                                                                          |                                                                      |    |                    |    |                    |
| Other accrued expenses payable                                 |    | 245,650                                                                |                                                                            | 177,425                                                       |                                                                                          | 326,406                                                              |    | 126,619            |    | 132,883            |
| <b>Total liabilities</b>                                       |    | <b>86,391,069</b>                                                      |                                                                            | <b>107,210,339</b>                                            |                                                                                          | <b>176,326,341</b>                                                   |    | <b>50,331,534</b>  |    | <b>85,336,900</b>  |
| <b>Net Assets</b>                                              | \$ | <b>254,175,762</b>                                                     | \$                                                                         | <b>277,186,622</b>                                            | \$                                                                                       | <b>445,824,235</b>                                                   | \$ | <b>143,772,951</b> | \$ | <b>235,316,498</b> |
| <b>Net Assets Consist of</b>                                   |    |                                                                        |                                                                            |                                                               |                                                                                          |                                                                      |    |                    |    |                    |
| Paid-in capital <sup>5</sup>                                   | \$ | 305,340,649                                                            | \$                                                                         | 325,292,148                                                   | \$                                                                                       | 779,784,609                                                          | \$ | 199,569,197        | \$ | 349,353,263        |
| Undistributed net investment income                            |    | 4,318,831                                                              |                                                                            | 3,694,286                                                     |                                                                                          | 4,081,190                                                            |    | 814,690            |    | 2,928,272          |
| Accumulated net realized loss                                  |    | (61,283,932)                                                           |                                                                            | (58,338,594)                                                  |                                                                                          | (282,196,078)                                                        |    | (54,801,468)       |    | (112,028,766)      |
| Net unrealized appreciation/depreciation                       |    | 5,800,214                                                              |                                                                            | 6,538,782                                                     |                                                                                          | (55,845,486)                                                         |    | (1,809,468)        |    | (4,936,271)        |
| <b>Net Assets</b>                                              | \$ | <b>254,175,762</b>                                                     | \$                                                                         | <b>277,186,622</b>                                            | \$                                                                                       | <b>445,824,235</b>                                                   | \$ | <b>143,772,951</b> | \$ | <b>235,316,498</b> |

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|                                                                                                  |  |    |             |    |             |    |             |    |             |    |             |
|--------------------------------------------------------------------------------------------------|--|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| Net asset value per share                                                                        |  | \$ | 7.29        | \$ | 7.41        | \$ | 4.13        | \$ | 13.60       | \$ | 4.15        |
| <sup>1</sup> Investments at cost unaffiliated                                                    |  | \$ | 319,181,407 | \$ | 360,818,635 | \$ | 658,679,225 | \$ | 185,382,610 | \$ | 316,675,348 |
| <sup>2</sup> Investments at cost affiliated                                                      |  | \$ | 2,264,805   |    |             |    |             | \$ | 2,382,746   |    |             |
| <sup>3</sup> Foreign currency at cost                                                            |  | \$ | 217,625     | \$ | 241,802     | \$ | 64,944      | \$ | 240,452     | \$ | 1,557       |
| <sup>4</sup> Premiums received                                                                   |  | \$ | 76,897      | \$ | 81,580      |    |             |    |             |    |             |
| <sup>5</sup> Shares outstanding, 200 million<br>shares authorized, par value<br>\$0.10 per share |  |    | 34,856,141  |    | 37,410,448  |    | 107,967,446 |    | 10,574,327  |    | 56,661,773  |

See Notes to Consolidated Financial Statements.

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## Consolidated Statements of Operations

| Year Ended February 29, 2012                                | BlackRock<br>Corporate<br>High Yield<br>Fund, Inc.<br>(COY) | BlackRock<br>Corporate<br>High Yield<br>Fund III, Inc.<br>(CYE) | BlackRock<br>Debt Strategies<br>Fund, Inc.<br>(DSU) | BlackRock<br>Floating<br>Rate Income<br>Strategies<br>Fund II, Inc.<br>(FRB) | BlackRock<br>Senior High<br>Income<br>Fund, Inc.<br>(ARK) |
|-------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Investment Income</b>                                    |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Interest                                                    | \$ 23,872,458                                               | \$ 26,804,069                                                   | \$ 41,450,963                                       | \$ 11,814,115                                                                | \$ 21,063,124                                             |
| Dividends unaffiliated                                      | 388,874                                                     | 565,312                                                         |                                                     | 13,532                                                                       | 3,150                                                     |
| Dividends affiliated                                        | 1,625                                                       | 1,101                                                           | 10,271                                              | 1,960                                                                        | 1,221                                                     |
| Total income                                                | 24,262,957                                                  | 27,370,482                                                      | 41,461,234                                          | 11,829,607                                                                   | 21,067,495                                                |
| <b>Expenses</b>                                             |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Investment advisory                                         | 1,552,052                                                   | 2,123,183                                                       | 3,508,300                                           | 1,433,067                                                                    | 1,496,938                                                 |
| Borrowing costs <sup>1</sup>                                | 256,695                                                     | 279,563                                                         | 455,857                                             | 146,485                                                                      | 238,870                                                   |
| Professional                                                | 111,066                                                     | 171,808                                                         | 219,747                                             | 142,662                                                                      | 166,391                                                   |
| Accounting services                                         | 82,329                                                      | 89,201                                                          | 104,065                                             | 42,331                                                                       | 63,609                                                    |
| Printing                                                    | 55,327                                                      | 40,426                                                          | 65,615                                              | 20,668                                                                       | 36,415                                                    |
| Custodian                                                   | 41,259                                                      | 53,195                                                          | 52,476                                              | 73,971                                                                       | 35,132                                                    |
| Transfer agent                                              | 30,087                                                      | 44,375                                                          | 88,819                                              | 25,440                                                                       | 53,133                                                    |
| Officer and Directors                                       | 27,628                                                      | 32,082                                                          | 56,567                                              | 15,985                                                                       | 25,739                                                    |
| Registration                                                | 12,348                                                      | 13,108                                                          | 38,191                                              | 9,372                                                                        | 23,335                                                    |
| Miscellaneous                                               | 63,157                                                      | 68,628                                                          | 63,560                                              | 29,132                                                                       | 37,965                                                    |
| Total expenses excluding interest expense                   | 2,231,948                                                   | 2,915,569                                                       | 4,653,197                                           | 1,939,113                                                                    | 2,177,527                                                 |
| Interest expense                                            | 609,407                                                     | 809,573                                                         | 1,372,105                                           | 464,698                                                                      | 642,802                                                   |
| Total expenses                                              | 2,841,355                                                   | 3,725,142                                                       | 6,025,302                                           | 2,403,811                                                                    | 2,820,329                                                 |
| Less fees waived by advisor                                 | (1,262)                                                     | (677)                                                           | (1,506)                                             | (1,090)                                                                      | (992)                                                     |
| Total expenses after fees waived                            | 2,840,093                                                   | 3,724,465                                                       | 6,023,796                                           | 2,402,721                                                                    | 2,819,337                                                 |
| Net investment income                                       | 21,422,864                                                  | 23,646,017                                                      | 35,437,438                                          | 9,426,886                                                                    | 18,248,158                                                |
| <b>Realized and Unrealized Gain (Loss)</b>                  |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Net realized gain (loss) from:                              |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Investments                                                 | 964,398                                                     | 1,613,955                                                       | (8,420,771) <sup>2</sup>                            | (1,950,218)                                                                  | (4,840,922) <sup>2</sup>                                  |
| Financial futures contracts                                 | (1,361,356)                                                 | (1,558,103)                                                     |                                                     |                                                                              |                                                           |
| Foreign currency transactions                               | 1,509,319                                                   | 1,762,416                                                       | 823,709                                             | 501,271                                                                      | 10,346                                                    |
| Options written                                             | 874,341                                                     | 900,892                                                         |                                                     |                                                                              |                                                           |
| Swaps                                                       | 1,106,785                                                   | 1,425,148                                                       | (33,124)                                            |                                                                              | (14,882)                                                  |
|                                                             | 3,093,487                                                   | 4,144,308                                                       | (7,630,186)                                         | (1,448,947)                                                                  | (4,845,458)                                               |
| Net change in unrealized appreciation/depreciation on:      |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Investments                                                 | (7,741,583)                                                 | (9,708,440)                                                     | (8,807,664) <sup>3</sup>                            | (3,643,714)                                                                  | 1,635,784                                                 |
| Financial futures contracts                                 | (6,258)                                                     | 28,590                                                          |                                                     |                                                                              |                                                           |
| Foreign currency transactions                               | (742,238)                                                   | (781,679)                                                       | (327,071)                                           | 30,717                                                                       | (1,609)                                                   |
| Options written                                             | 61,310                                                      | 65,050                                                          |                                                     |                                                                              |                                                           |
| Swaps                                                       | 737,781                                                     | 636,733                                                         | 77,957                                              |                                                                              | 52,151                                                    |
| Unfunded loan commitments                                   | 11,592                                                      | 23,261                                                          | (37,225)                                            | (29,966)                                                                     | (16,218)                                                  |
|                                                             | (7,679,396)                                                 | (9,736,485)                                                     | (9,094,003)                                         | (3,642,963)                                                                  | 1,670,108                                                 |
| Total realized and unrealized loss                          | (4,585,909)                                                 | (5,592,177)                                                     | (16,724,189)                                        | (5,091,910)                                                                  | (3,175,350)                                               |
| <b>Net Increase in Net Assets Resulting from Operations</b> | <b>\$ 16,836,955</b>                                        | <b>\$ 18,053,840</b>                                            | <b>\$ 18,713,249</b>                                | <b>\$ 4,334,976</b>                                                          | <b>\$ 15,072,808</b>                                      |

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

<sup>2</sup> Net of capital gains tax of \$1,078,645 and \$517,194, respectively.

<sup>3</sup> Net of income tax of \$91,373.

See Notes to Consolidated Financial Statements.

## Statements of Changes in Net Assets

|                                                                                   | BlackRock Corporate<br>High Yield Fund, Inc. (COY) |                                    | BlackRock Corporate<br>High Yield Fund III, Inc. (CYE) |                                    |
|-----------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------|--------------------------------------------------------|------------------------------------|
|                                                                                   | Year Ended<br>February 29,<br>2012 <sup>1</sup>    | Year Ended<br>February 28,<br>2011 | Year Ended<br>February 29,<br>2012 <sup>1</sup>        | Year Ended<br>February 28,<br>2011 |
| <b>Increase (Decrease) in Net Assets:</b>                                         |                                                    |                                    |                                                        |                                    |
| <b>Operations</b>                                                                 |                                                    |                                    |                                                        |                                    |
| Net investment income                                                             | \$ 21,422,864                                      | \$ 22,535,037                      | \$ 23,646,017                                          | \$ 24,174,359                      |
| Net realized gain                                                                 | 3,093,487                                          | 6,965,831                          | 4,144,308                                              | 9,224,596                          |
| Net change in unrealized appreciation/depreciation                                | (7,679,396)                                        | 18,790,685                         | (9,736,485)                                            | 21,881,740                         |
| Net increase in net assets resulting from operations                              | 16,836,955                                         | 48,291,553                         | 18,053,840                                             | 55,280,695                         |
| <b>Dividends to Shareholders From</b>                                             |                                                    |                                    |                                                        |                                    |
| Net investment income                                                             | (21,290,884)                                       | (21,257,066)                       | (23,502,064)                                           | (22,906,514)                       |
| <b>Capital Share Transactions</b>                                                 |                                                    |                                    |                                                        |                                    |
| Reinvestment of dividends                                                         | 720,465                                            | 282,201                            | 376,319                                                | 163,777                            |
| <b>Net Assets</b>                                                                 |                                                    |                                    |                                                        |                                    |
| Total increase (decrease) in net assets                                           | (3,733,464)                                        | 27,316,688                         | (5,071,905)                                            | 32,537,958                         |
| Beginning of year                                                                 | 257,909,226                                        | 230,592,538                        | 282,258,527                                            | 249,720,569                        |
| End of year                                                                       | \$ 254,175,762                                     | \$ 257,909,226                     | \$ 277,186,622                                         | \$ 282,258,527                     |
| Undistributed net investment income                                               | \$ 4,318,831                                       | \$ 2,741,291                       | \$ 3,694,286                                           | \$ 1,838,053                       |
| <b>Increase (Decrease) in Net Assets:</b>                                         |                                                    |                                    |                                                        |                                    |
| <b>Operations</b>                                                                 |                                                    |                                    |                                                        |                                    |
| Net investment income                                                             | \$ 35,437,438                                      | \$ 35,976,309                      | \$ 9,426,886                                           | \$ 9,200,317                       |
| Net realized loss                                                                 | (7,630,186)                                        | (2,434,229)                        | (1,448,947)                                            | 574,094                            |
| Net change in unrealized appreciation/depreciation                                | (9,094,003)                                        | 44,871,048                         | (3,642,963)                                            | 9,308,392                          |
| Net increase in net assets resulting from operations                              | 18,713,249                                         | 78,413,128                         | 4,334,976                                              | 19,082,803                         |
| <b>Dividends and Distribution to Shareholders From</b>                            |                                                    |                                    |                                                        |                                    |
| Net investment income                                                             | (34,943,170)                                       | (35,928,501)                       | (9,323,747)                                            | (8,767,675)                        |
| Tax return of capital                                                             |                                                    | (924,228)                          |                                                        | (716,193)                          |
| Decrease in net assets resulting from dividends and distributions to shareholders | (34,943,170)                                       | (36,852,729)                       | (9,323,747)                                            | (9,483,868)                        |
| <b>Capital Share Transactions</b>                                                 |                                                    |                                    |                                                        |                                    |
| Reinvestment of dividends                                                         | 806,965                                            | 464,804                            | 210,036                                                | 582,067                            |
| <b>Net Assets</b>                                                                 |                                                    |                                    |                                                        |                                    |
| Total increase (decrease) in net assets                                           | (15,422,956)                                       | 42,025,203                         | (4,778,735)                                            | 10,181,002                         |
| Beginning of year                                                                 | 461,247,191                                        | 419,221,988                        | 148,551,686                                            | 138,370,684                        |
| End of year                                                                       | \$ 445,824,235                                     | \$ 461,247,191                     | \$ 143,772,951                                         | \$ 148,551,686                     |
| Undistributed net investment income                                               | \$ 4,081,190                                       | \$ 73,470                          | \$ 814,690                                             | \$ 107,953                         |

<sup>1</sup> Consolidated Statement of Changes in Net Assets.

See Notes to Consolidated Financial Statements.

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## Statements of Changes in Net Assets

|                                                      | <b>BlackRock Senior High<br/>Income Fund, Inc. (ARK)</b>    |                                                 |
|------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------|
|                                                      | <b>Year<br/>Ended<br/>February 29,<br/>2012<sup>1</sup></b> | <b>Year<br/>Ended<br/>February 28,<br/>2011</b> |
| <b>Increase (Decrease) in Net Assets:</b>            |                                                             |                                                 |
| <b>Operations</b>                                    |                                                             |                                                 |
| Net investment income                                | \$ 18,248,158                                               | \$ 17,899,921                                   |
| Net realized loss                                    | (4,845,458)                                                 | (2,983,318)                                     |
| Net change in unrealized appreciation/depreciation   | 1,670,108                                                   | 20,894,516                                      |
| Net increase in net assets resulting from operations | 15,072,808                                                  | 35,811,119                                      |
| <b>Dividends to Shareholders From</b>                |                                                             |                                                 |
| Net investment income                                | (18,750,192)                                                | (18,479,539)                                    |
| <b>Capital Share Transactions</b>                    |                                                             |                                                 |
| Reinvestment of dividends                            | 233,462                                                     | 255,895                                         |
| <b>Net Assets</b>                                    |                                                             |                                                 |
| Total increase (decrease) in net assets              | (3,443,922)                                                 | 17,587,475                                      |
| Beginning of year                                    | 238,760,420                                                 | 221,172,945                                     |
| End of year                                          | \$ 235,316,498                                              | \$ 238,760,420                                  |
| Undistributed net investment income                  | \$ 2,928,272                                                | \$ 2,561,360                                    |

<sup>1</sup> Consolidated Statement of Changes in Net Assets.

See Notes to Consolidated Financial Statements.

## Consolidated Statements of Cash Flows

|                                                                                                                                        | BlackRock<br>Corporate<br>High Yield<br>Fund, Inc.<br>(COY) | BlackRock<br>Corporate<br>High Yield<br>Fund III, Inc.<br>(CYE) | BlackRock<br>Debt Strategies<br>Fund, Inc.<br>(DSU) | BlackRock<br>Floating<br>Rate Income<br>Strategies<br>Fund II, Inc.<br>(FRB) | BlackRock<br>Senior High<br>Income<br>Fund, Inc.<br>(ARK) |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Year Ended February 29, 2012</b>                                                                                                    |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| <b>Cash Provided by (Used for) Operating Activities</b>                                                                                |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Net increase in net assets resulting from operations                                                                                   | \$ 16,836,955                                               | \$ 18,053,840                                                   | \$ 18,713,249                                       | \$ 4,334,976                                                                 | \$ 15,072,808                                             |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used for) operating activities: |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Decrease in interest receivable                                                                                                        | 886,304                                                     | 681,761                                                         | 1,297,152                                           | 213,390                                                                      | 329,133                                                   |
| Increase in swap receivable                                                                                                            | (34,029)                                                    | (31,547)                                                        |                                                     |                                                                              |                                                           |
| Decrease in receivable from custodian                                                                                                  |                                                             |                                                                 |                                                     |                                                                              | 602,027                                                   |
| Decrease in commitment fees receivable                                                                                                 |                                                             | 97                                                              | 1,385                                               | 1,043                                                                        | 573                                                       |
| Increase in dividends receivable affiliated                                                                                            |                                                             | (11)                                                            | (696)                                               |                                                                              | (188)                                                     |
| Decrease in dividends receivable unaffiliated                                                                                          | 25,964                                                      | 44,336                                                          | 281                                                 |                                                                              |                                                           |
| Increase in cash pledged as collateral for financial futures contracts                                                                 | (52,000)                                                    | (11,000)                                                        |                                                     |                                                                              |                                                           |
| Increase in cash pledged as collateral in connection with swaps                                                                        | (500,000)                                                   | (100,000)                                                       |                                                     |                                                                              |                                                           |
| Increase (decrease) in other assets                                                                                                    | (42,553)                                                    | 1,428                                                           | (37,549)                                            |                                                                              | 8,967                                                     |
| Increase in margin variation receivable                                                                                                | (40,950)                                                    | (42,000)                                                        |                                                     |                                                                              |                                                           |
| Increase (decrease) in investment advisory fees payable                                                                                | 1,047                                                       | (2,120)                                                         | (4,751)                                             | (801)                                                                        | 4,818                                                     |
| Decrease in cash held as collateral for swaps                                                                                          | (100,000)                                                   |                                                                 |                                                     |                                                                              |                                                           |
| Decrease in interest expense payable                                                                                                   | (60,812)                                                    | (41,465)                                                        | (36,841)                                            | (14,093)                                                                     | (10,802)                                                  |
| Increase in other accrued expenses payable                                                                                             | 118,495                                                     | 49,358                                                          | 86,870                                              | 16,707                                                                       | 37,785                                                    |
| Increase (decrease) in prepaid expenses                                                                                                | (10,291)                                                    | (7,003)                                                         | 6,695                                               | (7,697)                                                                      | (13,687)                                                  |
| Increase (decrease) in deferred income                                                                                                 |                                                             | 77,738                                                          | 59,388                                              | (58,346)                                                                     | 38,866                                                    |
| Decrease in margin variation payable                                                                                                   | (33,945)                                                    | (37,960)                                                        |                                                     |                                                                              |                                                           |
| Decrease in other affiliates payable                                                                                                   | (1,404)                                                     | (1,572)                                                         | (2,511)                                             | (820)                                                                        | (1,278)                                                   |
| Decrease in other liabilities                                                                                                          | (2,000)                                                     | (30,652)                                                        |                                                     | (54,550)                                                                     |                                                           |
| Decrease in swaps payable                                                                                                              | (60,764)                                                    | (48,672)                                                        | (10,897)                                            |                                                                              | (14,850)                                                  |
| Increase (decrease) in Officers and Directors fees payable                                                                             | 23                                                          | 1,931                                                           | 32,019                                              | (116)                                                                        | (572)                                                     |
| Net periodic payment of swaps                                                                                                          | (108,923)                                                   | (73,142)                                                        | 18,291                                              |                                                                              | 22,512                                                    |
| Net realized and unrealized loss on investments                                                                                        | 6,214,277                                                   | 7,581,586                                                       | 16,218,253                                          | 5,647,037                                                                    | 2,593,073                                                 |
| Amortization of premium and accretion of discount on investments and swaps                                                             | (321,319)                                                   | (250,527)                                                       | (2,837,774)                                         | (1,353,034)                                                                  | (1,416,820)                                               |
| Premiums received from options written                                                                                                 | 1,731,976                                                   | 1,879,084                                                       |                                                     |                                                                              |                                                           |
| Premiums paid on closing options written                                                                                               | (766,082)                                                   | (880,604)                                                       |                                                     |                                                                              |                                                           |
| Proceeds from sales of long-term investments                                                                                           | 222,083,901                                                 | 248,073,307                                                     | 347,019,288                                         | 130,552,706                                                                  | 179,073,743                                               |
| Purchases of long-term investments                                                                                                     | (228,110,325)                                               | (248,895,597)                                                   | (369,614,840)                                       | (135,018,817)                                                                | (194,001,848)                                             |
| Net proceeds from sales (purchases) of short-term securities                                                                           | (542,939)                                                   | 1,845,167                                                       | (4,547,854)                                         | 331,521                                                                      | (2,848,918)                                               |
| Cash provided by (used for) operating activities                                                                                       | 17,110,606                                                  | 27,835,761                                                      | 6,359,158                                           | 4,589,106                                                                    | (524,658)                                                 |
| <b>Cash Provided by (Used for) Financing Activities</b>                                                                                |                                                             |                                                                 |                                                     |                                                                              |                                                           |
| Cash receipts from borrowings                                                                                                          | 108,000,000                                                 | 127,000,000                                                     | 261,000,000                                         | 112,000,000                                                                  | 142,000,000                                               |
| Cash payments on borrowings                                                                                                            | (104,000,000)                                               | (132,000,000)                                                   | (233,000,000)                                       | (107,000,000)                                                                | (123,000,000)                                             |

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|                                                  |              |              |              |             |              |
|--------------------------------------------------|--------------|--------------|--------------|-------------|--------------|
| Cash dividends paid                              | (20,663,803) | (23,206,226) | (34,333,036) | (9,075,804) | (18,559,624) |
| Increase (decrease) in bank overdraft            | (299,961)    | 193,858      |              | (406,865)   |              |
| Cash provided by (used for) financing activities | (16,963,764) | (28,012,368) | (6,333,036)  | (4,482,669) | 440,376      |

**Cash Impact from Foreign Exchange Fluctuations**

|                                                |          |          |      |          |            |
|------------------------------------------------|----------|----------|------|----------|------------|
| Cash impact from foreign exchange fluctuations | \$ 2,055 | \$ 1,143 | \$ 3 | \$ 9,976 | \$ (1,817) |
|------------------------------------------------|----------|----------|------|----------|------------|

**Cash**

|                                 |            |              |            |            |             |
|---------------------------------|------------|--------------|------------|------------|-------------|
| Net increase (decrease) in cash | \$ 148,897 | \$ (175,464) | \$ 26,125  | \$ 116,413 | \$ (86,099) |
| Cash at beginning of year       | 109,806    | 419,306      | 111,649    | 134,947    | 101,727     |
| Cash at end of year             | \$ 258,703 | \$ 243,842   | \$ 137,774 | \$ 251,360 | \$ 15,628   |

**Cash Flow Information**

|                                        |            |            |              |            |            |
|----------------------------------------|------------|------------|--------------|------------|------------|
| Cash paid during the year for interest | \$ 670,219 | \$ 851,038 | \$ 1,408,946 | \$ 478,791 | \$ 653,604 |
|----------------------------------------|------------|------------|--------------|------------|------------|

**Noncash Financing Activities**

|                                                    |            |            |            |            |            |
|----------------------------------------------------|------------|------------|------------|------------|------------|
| Capital shares issued in reinvestment of dividends | \$ 720,465 | \$ 376,319 | \$ 806,965 | \$ 210,036 | \$ 233,462 |
|----------------------------------------------------|------------|------------|------------|------------|------------|

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

See Notes to Consolidated Financial Statements.

## Financial Highlights

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

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

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

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

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

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

<sup>5</sup> Annualized.

See Notes to Consolidated Financial Statements.



## Financial Highlights

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

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

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

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

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

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

<sup>5</sup> Annualized.

See Notes to Consolidated Financial Statements.



## Financial Highlights

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

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

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

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

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Consolidated Financial Statements.



## Financial Highlights

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

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

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

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

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Consolidated Financial Statements.

## Financial Highlights

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

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

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

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

<sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

**1. Organization and Significant Accounting Policies:**

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

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

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

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

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

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

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

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or if a price is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets,

### Notes to Consolidated Financial Statements (continued)

the investment advisor and/or the sub-advisor seeks to determine the price that each Fund might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

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

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

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

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

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

**Capital Trusts:** The Funds may invest in capital trusts. These securities are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics, or by an affiliated business trust of a corporation, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured as either fixed or adjustable coupon securities that can have either a perpetual or stated maturity date. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for federal income tax purposes. These securities generally are rated below that of the issuing company's senior debt securities.

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

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

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

involve foreign borrowers, and investments may be denominated in foreign currencies. The Funds consider these investments to be investments in debt securities for purposes of their investment policies.

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

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

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

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

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

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

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

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

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

**Recent Accounting Standards:** In May 2011, the Financial Accounting Standards Board (the FASB) issued amended guidance to improve disclosure about fair value measurements which will require the following disclosures for fair value measurements categorized as Level 3: quantitative information about unobservable inputs and assumptions used in the fair value measurement, a description of the valuation policies and procedures and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, the amounts and reasons for all transfers in and out of Level 1 and Level 2 will be required to be disclosed. The amended guidance is effective for consolidated financial statements for fiscal years beginning after December 15, 2011, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds' consolidated financial statement disclosures.

In December 2011, the FASB issued guidance that will expand current disclosure requirements on the offsetting of certain assets and liabilities. The new disclosures will be required for investments and derivative financial

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### Notes to Consolidated Financial Statements (continued)

instruments subject to master netting or similar agreements which are eligible for offset in the Consolidated Statements of Assets and Liabilities and will require an entity to disclose both gross and net information about such investments and transactions in the consolidated financial statements. The guidance is effective for consolidated financial statements with fiscal years beginning on or after January 1, 2013, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds' consolidated financial statement disclosures.

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

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

**Other:** Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds are prorated among those funds on the basis of relative net assets or other appropriate methods.

The Funds have an arrangement with the custodians whereby fees may be reduced by credits earned on uninvested cash balances, which, if applicable, are shown as fees paid indirectly in the Consolidated Statements of Operations. The custodians impose fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

### 2. Derivative Financial Instruments:

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

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

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

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

**Financial Futures Contracts:** The Funds purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in value of equity securities (equity risk). Financial futures contracts are agreements between the Funds and the counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recorded by the Funds as unrealized appreciation or depreciation. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

**Foreign Currency Exchange Contracts:** The Funds enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when

### Notes to Consolidated Financial Statements (continued)

used by the Funds, help to manage the overall exposure to the currencies, in which some of the investments held by the Funds are denominated. The contract is marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that a counterparty to the contract does not perform its obligations under the agreement.

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

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

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

**Credit default swaps** The Funds enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Funds enter into credit default swap agreements to provide a measure of protection against the default of an issuer (as buyer of protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Funds will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Funds will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

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

## Notes to Consolidated Financial Statements (continued)

## Derivative Financial Instruments Categorized by Risk Exposure:

## Fair Values of Derivative Financial Instruments as of February 29, 2012

| Consolidated Statements of Assets and Liabilities Location |                                                                | Asset Derivatives |            |           |          |
|------------------------------------------------------------|----------------------------------------------------------------|-------------------|------------|-----------|----------|
|                                                            |                                                                | COY               | CYE        | DSU       | FRB      |
|                                                            |                                                                | Value             |            |           |          |
| Foreign currency exchange contracts                        | Unrealized appreciation on foreign currency exchange contracts | \$ 6,876          | \$ 3,328   | \$ 24,221 | \$ 3,560 |
| Credit contracts                                           | Unrealized appreciation on swaps                               | 438,241           | 446,316    |           |          |
| Equity contracts                                           | Investments at value-unaffiliated <sup>1</sup>                 | 186,910           | 202,560    |           |          |
| <b>Total</b>                                               |                                                                | \$ 632,027        | \$ 652,204 | \$ 24,221 | \$ 3,560 |

| Consolidated Statements of Assets and Liabilities Location |                                                                                  | Liability Derivatives |              |            |            |           |
|------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|--------------|------------|------------|-----------|
|                                                            |                                                                                  | COY                   | CYE          | DSU        | FRB        | ARK       |
|                                                            |                                                                                  | Value                 |              |            |            |           |
| Foreign currency exchange contracts                        | Unrealized depreciation on foreign currency exchange contracts                   | \$ 913,319            | \$ 934,336   | \$ 774,246 | \$ 148,986 | \$ 12,909 |
| Credit contracts                                           | Unrealized depreciation on swaps                                                 | 73,152                | 76,357       |            |            |           |
| Equity contracts                                           | Net unrealized appreciation/depreciation <sup>2</sup> ; Options written at value | 273,524               | 275,358      |            |            |           |
| <b>Total</b>                                               |                                                                                  | \$ 1,259,995          | \$ 1,286,051 | \$ 774,246 | \$ 148,986 | \$ 12,909 |

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

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

The Effect of Derivative Financial Instruments in the Consolidated Statements of Operations  
Year Ended February 29, 2012

|                                      |                                     | Net Realized Gain (Loss) from |              |            |            |            |
|--------------------------------------|-------------------------------------|-------------------------------|--------------|------------|------------|------------|
|                                      |                                     | COY                           | CYE          | DSU        | FRB        | ARK        |
| Foreign currency exchange contracts: |                                     |                               |              |            |            |            |
|                                      | Foreign currency exchange contracts | \$ 1,302,766                  | \$ 1,378,375 | \$ 970,687 | \$ 212,657 | \$ 10,346  |
| Credit contracts:                    |                                     |                               |              |            |            |            |
|                                      | Swaps                               | 1,015,676                     | 1,325,661    | (33,124)   |            | (14,882)   |
|                                      | Options <sup>3</sup>                | 708,667                       | 734,880      |            |            |            |
| Equity contracts:                    |                                     |                               |              |            |            |            |
|                                      | Financial futures contracts         | (1,361,356)                   | (1,558,103)  |            |            |            |
|                                      | Options <sup>3</sup>                | 1,505,368                     | 1,609,019    |            |            |            |
| Other contracts:                     |                                     |                               |              |            |            |            |
|                                      | Swaps                               | 91,109                        | 99,487       |            |            |            |
| <b>Total</b>                         |                                     | \$ 3,262,230                  | \$ 3,589,319 | \$ 937,563 | \$ 212,657 | \$ (4,536) |

|  |                                     | Net Change in Unrealized Appreciation/Depreciation on |              |              |           |        |
|--|-------------------------------------|-------------------------------------------------------|--------------|--------------|-----------|--------|
|  |                                     | COY                                                   | CYE          | DSU          | FRB       | ARK    |
|  | Foreign currency exchange contracts | \$ (750,960)                                          | \$ (775,157) | \$ (325,692) | \$ 23,828 | \$ 208 |

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|                             |              |              |              |           |           |
|-----------------------------|--------------|--------------|--------------|-----------|-----------|
| Credit contracts:           |              |              |              |           |           |
| Swaps                       | 737,781      | 636,733      | 77,957       |           | 52,151    |
| Equity contracts:           |              |              |              |           |           |
| Financial futures contracts | (6,258)      | 28,590       |              |           |           |
| Options <sup>3</sup>        | (161,711)    | (172,473)    |              |           |           |
| <b>Total</b>                | \$ (181,148) | \$ (282,307) | \$ (247,735) | \$ 23,828 | \$ 52,359 |

<sup>3</sup> Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

## Notes to Consolidated Financial Statements (continued)

For the year ended February 29, 2012, the average quarterly balances of outstanding derivative financial instruments were as follows:

|                                                        | COY           | CYE           | DSU           | FRB          | ARK        |
|--------------------------------------------------------|---------------|---------------|---------------|--------------|------------|
| <b>Financial futures contracts:</b>                    |               |               |               |              |            |
| Average number of contracts sold                       | 240           | 265           |               |              |            |
| Average notional value of contracts sold               | \$ 15,136,864 | \$ 16,654,854 |               |              |            |
| <b>Foreign currency exchange contracts:</b>            |               |               |               |              |            |
| Average number of contracts US dollars purchased       | 11            | 11            | 5             | 4            | 1          |
| Average number of contracts US dollars sold            | 2             | 3             | 3             | 2            | 1          |
| Average US dollar amounts purchased                    | \$ 24,923,483 | \$ 25,804,293 | \$ 25,000,966 | \$ 6,172,376 | \$ 447,978 |
| Average US dollar amounts sold                         | \$ 794,039    | \$ 838,279    | \$ 1,404,492  | \$ 740,394   | \$ 22,193  |
| <b>Options:</b>                                        |               |               |               |              |            |
| Average number of option contracts purchased           | 561           | 606           |               | 11           |            |
| Average number of option contracts written             | 372           | 398           |               |              |            |
| Average notional value of option contracts purchased   | \$ 6,100,229  | \$ 6,564,114  |               | \$ 10,371    |            |
| Average notional value of option contracts written     | \$ 3,493,275  | \$ 3,708,750  |               |              |            |
| Average number of swaption contracts purchased         | 1             | 1             |               |              |            |
| Average number of swaption contracts written           | 1             | 2             |               |              |            |
| Average notional value of swaption contracts purchased | \$ 2,500,000  | \$ 5,000,000  |               |              |            |
| Average notional value of swaption contracts written   | \$ 7,856,250  | \$ 13,675,000 |               |              |            |
| <b>Credit default swaps:</b>                           |               |               |               |              |            |
| Average number of contracts buy protection             | 10            | 9             | 1             |              | 1          |
| Average number of contracts sell protection            | 10            | 10            |               |              |            |
| Average notional value buy protection                  | \$ 6,465,736  | \$ 6,007,995  | \$ 62,500     |              | \$ 50,000  |
| Average notional value sell protection                 | \$ 5,486,653  | \$ 5,691,495  |               |              |            |
| <b>Total return swaps:</b>                             |               |               |               |              |            |
| Average number of contracts                            | 1             | 1             |               |              |            |
| Average notional value                                 | \$ 1,332,500  | \$ 1,455,000  |               |              |            |

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

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

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager ), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Fund s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund.

For such services, each Fund pays the Manager a monthly fee at the following annual rates of each Fund s average daily net assets, plus the proceeds of any outstanding borrowings used for leverage:

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

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

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

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

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

#### 4. Investments:

Purchases and sales of investments, including paydowns and excluding short-term securities, for the year ended February 29, 2012, were as follows:

|     | Purchases      | Sales          |
|-----|----------------|----------------|
| COY | \$ 238,448,521 | \$ 218,162,974 |
| CYE | \$ 257,908,123 | \$ 246,506,666 |
| DSU | \$ 356,676,395 | \$ 350,851,795 |
| FRB | \$ 110,602,850 | \$ 131,745,799 |
| ARK | \$ 183,338,947 | \$ 182,183,661 |



## Notes to Consolidated Financial Statements (continued)

Transactions in options written for the year ended February 29, 2012 were as follows:

|                                        | Contracts | Calls<br>Notional<br>(000) | Premiums<br>Received | Contracts | Puts<br>Notional<br>(000) | Premiums<br>Received |
|----------------------------------------|-----------|----------------------------|----------------------|-----------|---------------------------|----------------------|
| <b>COY</b>                             |           |                            |                      |           |                           |                      |
| Outstanding options, beginning of year |           |                            |                      |           |                           |                      |
| Options written                        | 867       | \$ 32,650                  | \$ 614,880           | 4,979     | \$ 48,090                 | \$ 1,117,096         |
| Options exercised                      |           |                            |                      | (412)     |                           | (14,656)             |
| Options expired                        |           | (24,650)                   | (234,530)            | (1,667)   | (40,090)                  | (548,328)            |
| Options closed                         | (867)     | (8,000)                    | (380,350)            | (1,825)   | (8,000)                   | (477,215)            |
| Outstanding options, end of year       |           |                            |                      | 1,075     |                           | \$ 76,897            |
| <b>CYE</b>                             |           |                            |                      |           |                           |                      |
| Outstanding options, beginning of year |           |                            |                      |           |                           |                      |
| Options written                        | 933       | \$ 35,650                  | \$ 697,136           | 5,268     | \$ 40,100                 | \$ 1,181,948         |
| Options exercised                      |           |                            |                      | (450)     |                           | (16,008)             |
| Options expired                        |           | (25,650)                   | (238,730)            | (1,753)   | (30,100)                  | (511,685)            |
| Options closed                         | (933)     | (10,000)                   | (458,406)            | (1,925)   | (10,000)                  | (572,675)            |
| Outstanding options, end of year       |           |                            |                      | 1,140     |                           | \$ 81,580            |

**5. Income Tax Information:**

US GAAP require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of February 29, 2012 attributable to the accounting for swap agreements, amortization methods on fixed income securities, the classification of settlement proceeds, the classification of investments, foreign currency transactions, income recognized from pass-through entities, the expiration of capital loss carryforwards and liquidating distributions on wholly-owned subsidiaries were reclassified to the following accounts:

|                                     | COY            | CYE            | DSU             | FRB          | ARK             |
|-------------------------------------|----------------|----------------|-----------------|--------------|-----------------|
| Paid-in capital                     | \$ (4,345,689) | \$ (1,018)     | \$ (17,509,852) | \$ (14,479)  | \$ (22,131,036) |
| Undistributed net investment income | \$ 1,445,560   | \$ 1,712,280   | \$ 3,550,490    | \$ 612,577   | \$ 896,125      |
| Accumulated net realized loss       | \$ 2,900,129   | \$ (1,711,262) | \$ 13,959,362   | \$ (598,098) | \$ 21,234,911   |

The tax character of distributions paid during the fiscal years ended February 29, 2012 and February 28, 2011 was as follows:

|                       |           | COY           | CYE           | DSU           | FRB          | ARK           |
|-----------------------|-----------|---------------|---------------|---------------|--------------|---------------|
| Ordinary income       | 2/29/2012 | \$ 21,290,884 | \$ 23,502,064 | \$ 34,943,170 | \$ 9,323,747 | \$ 18,750,192 |
|                       | 2/28/2011 | 21,257,066    | 22,906,514    | 35,928,501    | 8,767,675    | 18,479,539    |
| Tax return of capital | 2/28/2011 |               |               | 924,228       | 716,193      |               |
| <b>Total</b>          | 2/29/2012 | \$ 21,290,884 | \$ 23,502,064 | \$ 34,943,170 | \$ 9,323,747 | \$ 18,750,192 |
|                       | 2/28/2011 | \$ 21,257,066 | \$ 22,906,514 | \$ 36,852,729 | \$ 9,483,868 | \$ 18,479,539 |

As of February 29, 2012, the tax components of accumulated net losses were as follows:

|                                            | COY             | CYE             | DSU              | FRB             | ARK              |
|--------------------------------------------|-----------------|-----------------|------------------|-----------------|------------------|
| Undistributed ordinary income              | \$ 4,031,918    | \$ 3,445,503    | \$ 2,684,862     | \$ 834,949      | \$ 3,287,976     |
| Capital loss carryforwards                 | (60,139,798)    | (56,522,655)    | (279,045,885)    | (54,173,733)    | (111,046,271)    |
| Net unrealized gains (losses) <sup>1</sup> | 6,183,999       | 6,885,909       | (54,770,594)     | (1,834,219)     | (5,289,845)      |
| Qualified late-year losses <sup>2</sup>    | (1,241,006)     | (1,914,283)     | (2,828,757)      | (623,243)       | (988,625)        |
| <b>Total</b>                               | \$ (51,164,887) | \$ (48,105,526) | \$ (333,960,374) | \$ (55,796,246) | \$ (114,036,765) |

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- <sup>1</sup> The differences between book-basis and tax-basis net unrealized gains (losses) were attributable primarily to the tax deferral of losses on wash sales, amortization methods for premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/losses on certain futures and foreign currency contracts, the timing and recognition of partnership income, the accounting for swap agreements, investments in passive foreign investment companies, the classification of settlement proceeds, the deferral of compensation to directors, and investments in wholly owned subsidiaries.
- <sup>2</sup> The fund has elected to defer certain qualified late year losses and recognize such losses in the year ended February 28, 2013.

## Notes to Consolidated Financial Statements (continued)

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

| Expires                         | COY           | CYE           | DSU            | FRB           | ARK            |
|---------------------------------|---------------|---------------|----------------|---------------|----------------|
| 2013                            |               |               | \$ 21,126,025  |               |                |
| 2014                            |               |               | 20,233,987     | \$ 100,800    | \$ 4,906,362   |
| 2015                            |               |               | 3,578,574      | 1,315,945     | 1,585,622      |
| 2016                            | \$ 454,146    |               |                |               |                |
| 2017                            | 23,362,415    | \$ 22,687,878 | 56,690,782     | 12,168,927    | 27,675,242     |
| 2018                            | 36,323,237    | 33,834,777    | 148,062,952    | 38,830,450    | 60,685,648     |
| 2019                            |               |               | 16,301,990     |               | 9,564,345      |
| No expiration date <sup>3</sup> |               |               | 13,051,575     | 1,757,611     | 6,629,052      |
| <b>Total</b>                    | \$ 60,139,798 | \$ 56,522,655 | \$ 279,045,885 | \$ 54,173,733 | \$ 111,046,271 |

<sup>3</sup> Must be utilized prior to losses subject to expiration.

As of February 29, 2012, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

|                                            | COY            | CYE            | DSU             | FRB            | ARK            |
|--------------------------------------------|----------------|----------------|-----------------|----------------|----------------|
| Tax cost                                   | \$ 322,333,931 | \$ 361,778,324 | \$ 654,114,692  | \$ 187,213,524 | \$ 314,791,368 |
| Gross unrealized appreciation              | \$ 20,246,237  | \$ 22,441,370  | \$ 26,730,604   | \$ 4,017,650   | \$ 10,261,581  |
| Gross unrealized depreciation              | (14,604,821)   | (16,111,201)   | (77,274,242)    | (5,135,741)    | (13,301,007)   |
| Net unrealized appreciation (depreciation) | \$ 5,641,416   | \$ 6,330,169   | \$ (50,543,638) | \$ (1,118,091) | \$ (3,039,426) |

**6. Borrowings:**

On March 4, 2010, the Funds entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The Funds have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

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

Advances were made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 1.0% above the Fed Funds rate and (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above 7-day, 30-day, 60-day or 90-day LIBOR.

On March 3, 2011, the SSB Agreement was renewed for 364 days. The SSB Agreement allows for the following maximum commitment amounts:

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

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

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

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

Advances will be made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 0.75% above the Fed Funds rate and (ii) 0.75% above the Overnight LIBOR or (b) 0.75% above 7-day, 30-day, 60-day or 90-day LIBOR.

In addition, the Funds pay a facility fee and a commitment fee based upon SSB's total commitment to the Funds. The fees associated with each of the agreements are included in the Consolidated Statements of Operations as borrowing costs. Advances to the Funds as of February 29, 2012 are shown in the Consolidated Statements of Assets and Liabilities as loan payable.

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

For the year ended February 29, 2012 the daily weighted average interest rates for Funds with loans under the revolving credit agreements were as follows:

|     |       |
|-----|-------|
| COY | 0.96% |
| CYE | 0.96% |
| DSU | 0.96% |
| FRB | 0.96% |
| ARK | 0.96% |

**7. Commitments:**

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into unfunded floating rate loan interests and bridge loan commitments ( commitments ). Bridge loan commitments may obligate the Funds to furnish temporary financing to a borrower until permanent financing can be arranged. At February 29, 2012, the Funds had outstanding bridge loan commitments as follows:

|     | <b>Commitment<br/>Amounts</b> |
|-----|-------------------------------|
| CYE | \$ 3,454,630                  |
| DSU | \$ 5,591,234                  |
| FRB | \$ 1,610,000                  |
| ARK | \$ 2,965,491                  |

In connection with these commitments, the Funds earn a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is included in interest income in the Consolidated Statements of Operations, is recognized ratably over the commitment period. The unrecognized commitment fee income is recorded on the Consolidated Statements of Assets and Liabilities as deferred income. As of February 29, 2012, the Funds had no outstanding unfunded floating rate loan interests.

**8. Concentration, Market and Credit Risk:**

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

**9. Capital Share Transactions:**

Each Fund is authorized to issue 200 million shares, par value \$0.10 per share, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

For the years ended February 29, 2012 and February 28, 2011, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

|     | <b>Year Ended<br/>February 29, 2012</b> | <b>Year Ended<br/>February 28, 2011</b> |
|-----|-----------------------------------------|-----------------------------------------|
| COY | 102,019                                 | 40,744                                  |
| CYE | 53,550                                  | 23,432                                  |

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|     |         |         |
|-----|---------|---------|
| DSU | 195,440 | 114,520 |
| FRB | 15,006  | 42,733  |
| ARK | 55,454  | 63,426  |

**10. Subsequent Events:**

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

The Funds paid a net investment income dividend on March 30, 2012 to Common Shareholders of record on March 15, 2012 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|------------------------------------------|
| COY | \$ 0.051                                 |
| CYE | \$ 0.051                                 |
| DSU | \$ 0.027                                 |
| FRB | \$ 0.073                                 |
| ARK | \$ 0.025                                 |

Additionally, the Funds declared a net investment income dividend on April 2, 2012 payable to Common Shareholders of record on April 16, 2012 for the same amounts noted above.

## Report of Independent Registered Public Accounting Firm

**To the Shareholders and Board of Directors of  
BlackRock Corporate High Yield Fund, Inc.,  
BlackRock Corporate High Yield Fund III, Inc.,  
BlackRock Debt Strategies Fund, Inc.,  
BlackRock Floating Rate Income Strategies Fund II, Inc., and  
BlackRock Senior High Income Fund, Inc.:**

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc., BlackRock Debt Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund II, Inc., and BlackRock Senior High Income Fund, Inc. (the Funds), as of February 29, 2012, and the related consolidated statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended (consolidated basis only for the year ended February 29, 2012), and the financial highlights for each of the periods presented (consolidated basis only for the year ended February 29, 2012). These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of the securities owned as of February 29, 2012, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc., BlackRock Debt Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund II, Inc., and BlackRock Senior High Income Fund, Inc. as of February 29, 2012, the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP  
Boston, Massachusetts  
April 27, 2012

### Important Tax Information (Unaudited)

The following information is provided with respect to the ordinary income distributions paid by the Funds during the fiscal year ended February 29, 2012.

|                                                              |            | COY    | CYE    | DSU    | FRB    | ARK    |
|--------------------------------------------------------------|------------|--------|--------|--------|--------|--------|
| Interest-Related Dividends for Non-US Residents <sup>1</sup> |            |        |        |        |        |        |
| Months Paid:                                                 | March 2011 | 92.91% | 61.53% | 75.40% | 78.36% | 54.40% |
|                                                              | April 2011 | 92.99% | 75.79% | 75.40% | 78.36% | 54.40% |
|                                                              | May 2011   | 95.10% | 87.26% | 75.40% | 78.36% | 82.55% |
|                                                              | June 2011  | 95.10% | 87.26% | 75.40% | 78.36% | 92.00% |

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|                |        |        |         |        |        |
|----------------|--------|--------|---------|--------|--------|
| July 2011      | 95.10% | 87.26% | 75.40%  | 78.36% | 92.00% |
| August 2011    | 95.10% | 87.26% | 75.40%  | 78.36% | 92.00% |
| September 2011 | 95.10% | 87.26% | 75.40%  | 78.36% | 92.00% |
| October 2011   | 95.10% | 87.26% | 75.40%  | 78.36% | 92.00% |
| November 2011  | 95.10% | 87.26% | 75.40%  | 78.36% | 92.00% |
| December 2011  | 95.10% | 87.26% | 75.40%  | 78.36% | 92.00% |
| January 2012   | 95.10% | 87.26% | 75.40%  | 78.36% | 92.00% |
| February 2012  | 48.44% | 37.21% | 100.00% | 95.02% | 64.57% |

<sup>1</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

Of the February 2012 distribution for COY, 21.95% qualifies for the dividends received deduction for corporations and 21.95% consists of qualified dividend income for individuals.

Of the February 2012 distribution for CYE, 29.70% qualifies for the dividends received deduction for corporations and 29.70% consists of qualified dividend income for individuals.



### Automatic Dividend Reinvestment Plans

Pursuant to each Fund's Dividend Reinvestment Plan (the "Reinvestment Plan"), Common Shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by Computershare Shareowner Services LLC for DSU and ARK and Computershare Trust Company, N.A. for COY, CYE and FRB (individually, the "Reinvestment Plan Agent" or together, the "Reinvestment Plan Agents") in the respective Fund's shares pursuant to the Reinvestment Plan. Shareholders who do not participate in the Reinvestment Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the Reinvestment Plan Agent, which serves as agent for the shareholders in administering the Reinvestment Plan.

After the Funds declare a dividend or determine to make a capital gain distribution, the Reinvestment Plan Agents will acquire shares for the participant's accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Funds (newly issued shares) or (ii) by purchase of outstanding shares on the open market or on the Fund's primary exchange (open-market purchases). If, on the dividend payment date, the net asset value per share (NAV) is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market premium"), the Reinvestment Plan Agent will invest the dividend amount in newly issued shares acquired on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the dividend payment date, the dollar amount of the dividend will be divided by 95% of the market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market discount"), the Reinvestment Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Reinvestment Plan Agent is unable to invest the full dividend amount in open-market purchases, or if the market discount shifts to a market premium during the purchase period, the Reinvestment Plan Agent will invest any un-invested portion in newly issued shares. Investments in newly issued shares made in this manner would be made pursuant to the same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

The Reinvestment Plan Agents' fees for the handling of the reinvestment of dividends and distributions will be paid by each Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Reinvestment Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends or distributions.

Each Fund reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan. However, each Fund reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants that request a sale of shares through Computershare Trust Company, N.A. are subject to a \$2.50 sales fee and a \$0.15 per share sold brokerage commission. Participants that request a sale of shares through Computershare Shareowner Services LLC are subject to a \$0.02 per share sold brokerage commission. All correspondence concerning the Reinvestment Plan should be directed to the respective Reinvestment Plan Agent: Computershare Shareowner Services LLC, P.O. Box 358035, Pittsburgh, PA 15252-8035 for shareholders of DSU and ARK or Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1BFM or overnight correspondence should be directed to the Reinvestment Plan Agent at 250 Royall Street, Canton, MA 02021 for shareholders of COY, CYE and FRB.

## Officers and Directors

| Name, Address and Year of Birth                                                                                             | Position(s) Held with Funds                                                    | Length of Time Served as a Director <sup>2</sup> | Principal Occupation(s) During Past Five Years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Number of BlackRock-Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) Overseen | Public Directorships             |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Independent Directors<sup>1</sup></b><br><b>Richard E. Cavanagh</b><br>55 East 52nd Street<br>New York, NY 10055<br>1946 | Chairman of the Board and Director                                             | Since 2007                                       | Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007. | 95 RICs consisting of 95 Portfolios                                                                                              | None                             |
| <b>Karen P. Robards</b><br>55 East 52nd Street<br>New York, NY 10055<br>1950                                                | Vice Chairperson of the Board, Chairperson of the Audit Committee and Director | Since 2007                                       | Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Director of Enable Medical Corp. from 1996 to 2005; Investment Banker at Morgan Stanley from 1976 to 1987.                                                                                                                                                | 95 RICs consisting of 95 Portfolios                                                                                              | AtriCure, Inc. (medical devices) |
| <b>Michael J. Castellano</b><br>55 East 52nd Street<br>New York, NY 10055<br>1946                                           | Director and Member of the Audit Committee                                     | Since 2011                                       | Managing Director and Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religions (non-profit) since 2009; Director, National Advisory Board of Church Management at Villanova University since 2010.                                                                                                                                                                                                                                                      | 95 RICs consisting of 95 Portfolios                                                                                              | None                             |
| <b>Frank J. Fabozzi</b><br>55 East 52nd Street<br>New York, NY 10055<br>1948                                                | Director and Member of the Audit Committee                                     | Since 2007                                       | Editor of and Consultant for The Journal of Portfolio Management since 1986; Professor of Finance, EDHEC Business School since 2011; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management                                                                                                                                                                                                                                                                                                                            | 95 RICs consisting of 95 Portfolios                                                                                              | None                             |

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|                                                                                             |                                                               |                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                |                                                                                                       |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| <p><b>Kathleen F. Feldstein</b><br/>55 East 52nd Street<br/>New York, NY 10055<br/>1941</p> | <p>Director</p>                                               | <p>Since<br/>2007</p> | <p>from 2006 to 2011; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.<br/>President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009.</p> | <p>95 RICs consisting of<br/>95 Portfolios</p> | <p>The McClatchy Company (publishing); BellSouth (telecommunications); Knight Ridder (publishing)</p> |
| <p><b>James T. Flynn</b><br/>55 East 52nd Street<br/>New York, NY 10055<br/>1939</p>        | <p>Director and<br/>Member of the<br/>Audit<br/>Committee</p> | <p>Since<br/>2007</p> | <p>Chief Financial Officer of JPMorgan &amp; Co., Inc. from 1990 to 1995.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>95 RICs consisting of<br/>95 Portfolios</p> | <p>None</p>                                                                                           |
| <p><b>Jerrold B. Harris</b><br/>55 East 52nd Street<br/>New York, NY 10055<br/>1942</p>     | <p>Director</p>                                               | <p>Since<br/>2007</p> | <p>Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.</p>                                                                                                                                                                                                                                                                                                                                                                                     | <p>95 RICs consisting of<br/>95 Portfolios</p> | <p>BlackRock Kelso Capital Corp. (business development company)</p>                                   |

## Officers and Directors (continued)

| Name, Address and Year of Birth                                                                                                      | Position(s) Held with Funds                | Length of Time Served as a Director <sup>2</sup> | Principal Occupation(s) During Past Five Years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Number of BlackRock-Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) Overseen | Public Directorships                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| <b>Independent Directors<sup>1</sup> (concluded)</b><br><b>R. Glenn Hubbard</b><br>55 East 52nd Street<br>New York, NY 10055<br>1958 | Director                                   | Since 2007                                       | Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director, Columbia Business School's Entrepreneurship Program from 1997 to 2004; Chairman, U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003; Chairman, Economic Policy Committee of the OECD from 2001 to 2003.                                                                                                                                                                                                                                                                                                                                                                                                                                     | 95 RICs consisting of 95 Portfolios                                                                                              | ADP (data and information services); KKR Financial Corporation (finance); Metropolitan Life Insurance Company (insurance) |
| <b>W. Carl Kester</b><br>55 East 52nd Street<br>New York, NY 10055<br>1951                                                           | Director and Member of the Audit Committee | Since 2007                                       | George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs from 2006 to 2010; Chairman of the Finance Department, Harvard Business School from 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program of Harvard Business School from 1999 to 2005; Member of the faculty of Harvard Business School since 1981.                                                                                                                                                                                                                                                                                                                                                                                        | 95 RICs consisting of 95 Portfolios                                                                                              | None                                                                                                                      |
|                                                                                                                                      |                                            | <sup>1</sup>                                     | Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. In 2011, the Board of Directors unanimously approved extending the mandatory retirement age for James T. Flynn by one additional year, which the Board believes would be in the best interest of shareholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                  |                                                                                                                           |
|                                                                                                                                      |                                            | <sup>2</sup>                                     | Date shown is the earliest date a person has served for the Funds covered by this annual report. Following the combination of Merrill Lynch Investment Managers, L.P. ( MLIM ) and BlackRock, Inc. ( BlackRock ) in September 2006, the various legacy MLIM and legacy BlackRock Fund boards were realigned and consolidated into three new Fund boards in 2007. As a result, although the chart shows certain directors as joining the Funds' board in 2007, each director first became a member of the board of other legacy MLIM or legacy BlackRock Funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1998 and Karen P. Robards, 1998. |                                                                                                                                  |                                                                                                                           |
| <b>Interested Directors<sup>3</sup></b><br><b>Paul L. Audet</b><br>55 East 52nd Street<br>New York, NY 10055<br>1953                 | Director                                   | Since 2011                                       | Senior Managing Director, BlackRock and Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees and of the BlackRock Alternative Investors Executive Committee and Investment Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 157 RICs consisting of 282 Portfolios                                                                                            | None                                                                                                                      |

|                                                                                    |                 |                       |                                                                                                                                                                                                                                                                                                                                                             |                                                  |             |
|------------------------------------------------------------------------------------|-----------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------|
| <p><b>Henry Gabbay</b><br/>55 East 52nd Street<br/>New York, NY 10055<br/>1947</p> | <p>Director</p> | <p>Since<br/>2007</p> | <p>for the Private Equity Fund of Funds business since 2008; Head of BlackRock's Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005.</p>                                                                                              | <p>157 RICs consisting of<br/>282 Portfolios</p> | <p>None</p> |
|                                                                                    |                 |                       | <p>Consultant, BlackRock from 2007 to 2008; Managing Director, BlackRock from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.</p> |                                                  |             |

<sup>3</sup> Mr. Audet is an interested person, as defined in the 1940 Act, of the Funds based on his position with BlackRock and its affiliates. Mr. Gabbay is an interested person of the Funds based on his former positions with BlackRock and its affiliates as well as his ownership of BlackRock and The PNC Financial Services Group, Inc. securities. Mr. Audet and Mr. Gabbay are also Directors of the BlackRock registered open-end funds. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Director by action of a majority of the Directors upon finding a good cause thereof.

John F. Powers, who was a Director of the Funds, resigned as of February 21, 2012.

## Officers and Directors (concluded)

| <b>Name, Address and Year of Birth Officers<sup>1</sup></b>                   | <b>Position(s) Held with Funds</b>                         | <b>Length of Time Served</b> | <b>Principal Occupation(s) During Past Five Years</b>                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>John M. Perlowski</b><br>55 East 52nd Street<br>New York, NY 10055<br>1964 | President and Chief Executive Officer                      | Since 2011                   | Managing Director of BlackRock since 2009; Global Head of BlackRock Fund Administration since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009. |
| <b>Anne Ackerley</b><br>55 East 52nd Street<br>New York, NY 10055<br>1962     | Vice President                                             | Since 2007 <sup>2</sup>      | Managing Director of BlackRock since 2000; President and Chief Executive Officer of the BlackRock-advised funds from 2009 to 2011; Vice President of the BlackRock-advised funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group since 2009; Chief Operating Officer of BlackRock's U.S. Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006.                                                                             |
| <b>Brendan Kyne</b><br>55 East 52nd Street<br>New York, NY 10055<br>1977      | Vice President                                             | Since 2009                   | Managing Director of BlackRock since 2010; Director of BlackRock from 2008 to 2009; Head of Product Development and Management for BlackRock's US Retail Group since 2009 and Co-head thereof from 2007 to 2009; Vice President of BlackRock from 2005 to 2008.                                                                                                                                                                                                                             |
| <b>Neal Andrews</b><br>55 East 52nd Street<br>New York, NY 10055<br>1966      | Chief Financial Officer                                    | Since 2007                   | Managing Director of BlackRock since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.                                                                                                                                                                                                                                                                                          |
| <b>Jay Fife</b><br>55 East 52nd Street<br>New York, NY 10055<br>1970          | Treasurer                                                  | Since 2007                   | Managing Director of BlackRock since 2007; Director of BlackRock in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.                                                                                                                                                                                                                                                          |
| <b>Brian Kindelan</b><br>55 East 52nd Street<br>New York, NY 10055<br>1959    | Chief Compliance Officer and Anti-Money Laundering Officer | Since 2007                   | Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock since 2005.                                                                                                                                                                                                                                                                                                                                                           |
| <b>Ira P. Shapiro</b><br>55 East 52nd Street<br>New York, NY 10055<br>1963    | Secretary                                                  | Since 2010                   | Managing Director of BlackRock since 2009; Managing Director and Associate General Counsel of Barclays Global Investors from 2008 to 2009 and Principal thereof from 2004 to 2008.                                                                                                                                                                                                                                                                                                          |

<sup>1</sup> Officers of the Funds serve at the pleasure of the Board of Directors.

<sup>2</sup> Ms. Ackerley was President and Chief Executive Officer from 2009 to 2011.

**Investment Advisor**

BlackRock Advisors, LLC  
Wilmington, DE 19809

**Sub-Advisor**

BlackRock Financial  
Management, Inc.  
New York, NY 10055

**Custodians**

JPMorgan Chase Bank, N.A.<sup>3</sup>  
New York, NY 10017

State Street Bank and  
Trust Company<sup>4</sup>  
Boston, MA 02110

The Bank of New York Mellon<sup>5</sup>  
New York, NY 10286

**Transfer Agent**

Computershare Trust Company, N.A.  
Canton, MA 02021

**Accounting Agent**

State Street Bank and  
Trust Company  
Boston, MA 02110

**Independent Registered  
Public Accounting Firm**

Deloitte & Touche LLP  
Boston, MA 02116

**Legal Counsel**

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

**Address of the Funds**

100 Bellevue Parkway  
Wilmington, DE 19809

<sup>3</sup> For COY.

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

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

## Additional Information

### **Dividend Policy**

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

### **Fund Certification**

The Funds are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Funds filed with the SEC the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.



## Additional Information (continued)

### **General Information**

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

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

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

### **Electronic Delivery**

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

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

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

### **Householding**

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

### **Availability of Quarterly Schedule of Investments**

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

### **Availability of Proxy Voting Policies and Procedures**

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

### **Availability of Proxy Voting Record**

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

### **Availability of Fund Updates**

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

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## Additional Information (concluded)

**Section 19(a) Notices**

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

February 29, 2012

|     | Total Fiscal Year-to-Date<br>Cumulative Distributions by Character |                              |                         |                              | Percent of Fiscal Year-to-Date<br>Cumulative Distributions by Character |                              |                         |                              |
|-----|--------------------------------------------------------------------|------------------------------|-------------------------|------------------------------|-------------------------------------------------------------------------|------------------------------|-------------------------|------------------------------|
|     | Net<br>Investment<br>Income                                        | Realized<br>Capital<br>Gains | Return<br>of<br>Capital | Total Per<br>Common<br>Share | Net<br>Investment<br>Income                                             | Realized<br>Capital<br>Gains | Return<br>of<br>Capital | Total Per<br>Common<br>Share |
| ARK | \$0.328909                                                         |                              | \$0.002091              | \$0.331000                   | 99%                                                                     | 0%                           | 1%                      | 100%                         |

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

**BlackRock Privacy Principles**

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

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

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

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

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

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

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- Item 2 – Code of Ethics – The registrant (or the “Fund”) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at [www.blackrock.com](http://www.blackrock.com).
- Item 3 – Audit Committee Financial Expert – The registrant’s board of directors (the “board of directors”), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Frank J. Fabozzi  
James T. Flynn  
W. Carl Kester  
Karen P. Robards

The registrant’s board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester’s financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant’s financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an “expert” for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

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### Item 4 – Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP (“D&T”) in each of the last two fiscal years for the services rendered to the Fund:

| Entity Name                                   | (a) Audit Fees          |                          | (b) Audit-Related Fees <sup>1</sup> |                          | (c) Tax Fees <sup>2</sup> |                          | (d) All Other Fees <sup>3</sup> |                          |
|-----------------------------------------------|-------------------------|--------------------------|-------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------------|--------------------------|
|                                               | Current Fiscal Year End | Previous Fiscal Year End | Current Fiscal Year End             | Previous Fiscal Year End | Current Fiscal Year End   | Previous Fiscal Year End | Current Fiscal Year End         | Previous Fiscal Year End |
| BlackRock Corporate High Yield Fund III, Inc. | \$47,600                | \$47,500                 | \$0                                 | \$0                      | \$37,600                  | \$11,800                 | \$0                             | \$0                      |

The following table presents fees billed by D&T that were required to be approved by the registrant’s audit committee (the “Committee”) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC (“Investment Adviser” or “BlackRock”) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund (“Fund Service Providers”):

|                                     | Current Fiscal Year End | Previous Fiscal Year End |
|-------------------------------------|-------------------------|--------------------------|
| (b) Audit-Related Fees <sup>1</sup> | \$0                     | \$0                      |
| (c) Tax Fees <sup>2</sup>           | \$0                     | \$0                      |
| (d) All Other Fees <sup>3</sup>     | \$2,970,000             | \$3,030,000              |

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services includes tax compliance, tax advice and tax planning.

<sup>3</sup> Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

#### (e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Fund Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC’s auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis (“general pre-approval”). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

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Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the Committee pursuant to the de minimis exception in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Fund Service Providers were:

| Entity Name                                   | Current Fiscal Year | Previous Fiscal Year |
|-----------------------------------------------|---------------------|----------------------|
|                                               | End                 | End                  |
| BlackRock Corporate High Yield Fund III, Inc. | \$37,600            | \$11,800             |

Additionally, SAS No. 70 fees for the current and previous fiscal years of \$2,970,000 and \$3,030,000, respectively, were billed by D&T to the Investment Adviser.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser, and the Fund Service Providers that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

### Item 5 – Audit Committee of Listed Registrants

(a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Michael Castellano  
Frank J. Fabozzi  
James T. Flynn  
W. Carl Kester  
Karen P. Robards

(b) Not Applicable

### Item 6 – Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

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Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – The board of directors has delegated the voting of proxies for the Fund’s portfolio securities to the Investment Adviser pursuant to the Investment Adviser’s proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund’s stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser’s Equity Investment Policy Oversight Committee, or a sub-committee thereof (the “Oversight Committee”) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser’s clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser’s Portfolio Management Group and/or the Investment Adviser’s Legal and Compliance Department and concluding that the vote cast is in its client’s best interest notwithstanding the conflict. A copy of the Fund’s Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at [www.blackrock.com](http://www.blackrock.com) and (ii) on the SEC’s website at <http://www.sec.gov>.

Item 8 – Portfolio Managers of Closed-End Management Investment Companies – as of February 29, 2012.

(a)(1) The Fund is managed by a team of investment professionals comprised of James E. Keenan, Managing Director at BlackRock, Mitchell Garfin, Managing Director at BlackRock, and Derek Schoenhofen, Director at BlackRock. Messrs. Keenan, Garfin and Schoenhofen are the Fund’s co-portfolio managers and are responsible for the day-to-day management of the Fund’s portfolio and the selection of its investments. Mr. Keenan has been a member of the Fund’s management team since 2006. Messrs. Garfin and Schoenhofen have been members of the Fund’s management team since 2009.

| <b>Portfolio Manager</b> | <b>Biography</b>                                                                                                                     |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| James E. Keenan          | Managing Director of BlackRock since 2008 and Head of the Leveraged Finance Portfolio team; Director of BlackRock from 2006 to 2007. |
| Mitchell Garfin          | Managing Director of BlackRock since 2009; Director of BlackRock from 2005 to 2008.                                                  |
| Derek Schoenhofen        | Director of BlackRock since 2006; Vice President of BlackRock from 2000 to 2005.                                                     |



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(a)(2) As of February 29, 2012:

| (i) Name of              | (ii) Number of Other Accounts Managed<br>and Assets by Account Type<br>Other |                 |                 | (iii) Number of Other Accounts and<br>Assets for Which Advisory Fee is<br>Performance-Based<br>Other |                 |                 |
|--------------------------|------------------------------------------------------------------------------|-----------------|-----------------|------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                          | Registered                                                                   | Other Pooled    |                 | Registered                                                                                           | Other Pooled    |                 |
|                          | Investment                                                                   | Investment      | Other           | Investment                                                                                           | Investment      | Other           |
| <b>Portfolio Manager</b> | <b>Companies</b>                                                             | <b>Vehicles</b> | <b>Accounts</b> | <b>Companies</b>                                                                                     | <b>Vehicles</b> | <b>Accounts</b> |
| James E. Keenan          | 20                                                                           | 14              | 23              | 0                                                                                                    | 10              | 4               |
|                          | \$12.91 Billion                                                              | \$7.29 Billion  | \$5.40 Billion  | \$0                                                                                                  | \$2.33 Billion  | \$577.7 Million |
| Mitchell Garfin          | 13                                                                           | 2               | 23              | 0                                                                                                    | 0               | 4               |
|                          | \$10.63 Billion                                                              | \$4.36 Billion  | \$6.51 Billion  | \$0                                                                                                  | \$0             | \$577.7 Million |
| Derek Schoenhofen        | 10                                                                           | 4               | 29              | 0                                                                                                    | 1               | 4               |
|                          | \$9.16 Billion                                                               | \$4.83 Billion  | \$7.03 Billion  | \$0                                                                                                  | \$408.5 Million | \$577.7 Million |

(iv) Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that Messrs. Keenan and Schoenhofen may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Messrs. Keenan and Schoenhofen may therefore be entitled to receive a portion of any incentive fees earned on such accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3) As of February 29, 2012:

**Portfolio Manager Compensation Overview**

BlackRock’s financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

**Base compensation.** Generally, portfolio managers receive base compensation based on their position with the firm.

**Discretionary Incentive Compensation**

Discretionary incentive compensation is a function of several components: the performance of BlackRock, the performance of the portfolio manager’s group within BlackRock, the investment performance, including risk-adjusted returns, of the firm’s assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual’s performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the funds or other accounts managed by the portfolio managers are measured. Among other things, BlackRock’s Chief Investment Officers make a subjective determination with respect to each portfolio manager’s compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to these portfolio managers, such benchmarks for the Fund and other accounts include the following:

| Portfolio Manager | Applicable Benchmarks                                                                                                                                                                   |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mitchell Garfin   | A combination of market-based indices (e.g., The Barclays Capital U.S. Corporate High Yield 2% Issuer Capped™ Index), certain customized indices and certain fund industry peer groups. |
| James Keenan      |                                                                                                                                                                                         |
| Derek Schoenhofen | A combination of market-based indices (e.g., S&P Leveraged All Loan Index), certain customized indices and certain fund industry peer groups.                                           |

**Distribution of Discretionary Incentive Compensation**

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, will be settled in BlackRock, Inc. common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock stock puts compensation earned by a portfolio manager for a given year “at risk” based on BlackRock’s ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

*Long-Term Incentive Plan Awards* — From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Keenan, Garfin and Schoenhofen have each received long-term incentive awards.

*Deferred Compensation Program* — A portion of the compensation paid to eligible BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm’s investment products. All of the eligible portfolio managers have participated in the deferred compensation program.

**Other compensation benefits.** In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following incentive savings plans. BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the IRS limit (\$250,000 for 2012). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into an index target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the Purchase Date. Messrs. Keenan, Garfin and Schoenhofen are each eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* – As of February 29, 2012.

| Portfolio Manager | Dollar Range of Equity Securities of the Fund Beneficially Owned |
|-------------------|------------------------------------------------------------------|
| James Keenan      | \$500,001-\$1,000,000                                            |
| Mitchell Garfin   | None                                                             |
| Derek Schoenhofen | \$10,001-\$50,000                                                |

(b) Not Applicable

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Item 9 – Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers – Not Applicable due to no such purchases during the period covered by this report.

Item 10 – Submission of Matters to a Vote of Security Holders – There have been no material changes to these procedures.

Item 11 – Controls and Procedures

(a) – The registrant’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant’s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the “1940 Act”)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) – There were no changes in the registrant’s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant’s internal control over financial reporting.

Item 12 – Exhibits attached hereto

(a)(1) – Code of Ethics – See Item 2

(a)(2) – Certifications – Attached hereto

(a)(3) – Not Applicable

(b) – Certifications – Attached hereto

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

BlackRock Corporate High Yield Fund III, Inc.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Corporate High Yield Fund III, Inc.

Date: May 1, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Corporate High Yield Fund III, Inc.

Date: May 1, 2012

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Corporate High Yield Fund III, Inc.

Date: May 1, 2012

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